



**Notice of Annual and Special Meeting of
Shareholders**

and

Management Information Circular

April 1, 2013

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ECOSYNTHETIX INC.

NOTICE OF ANNUAL AND SPECIAL MEETING OF SHAREHOLDERS

NOTICE IS HEREBY GIVEN that the Annual and Special Meeting of Shareholders (the “**Meeting**”) of EcoSynthetix Inc. (“**EcoSynthetix**” or the “**Company**”) will be held at the Ron Joyce Centre of the DeGroot School of Business located at 4350 South Service Road, Burlington, ON, Canada, L7L 5R8 on May 8, 2013 at 1:30 p.m. (Eastern Standard time), for the following purposes:

- (a) To receive and consider the audited consolidated financial statements of the Company for the year ended December 31, 2012 and the report of the auditors thereon;
- (b) To elect directors of the Company for the ensuing year;
- (c) To appoint PricewaterhouseCoopers LLP, Chartered Accountants, as auditors of the Company for the ensuing year and to authorize the directors to fix their remuneration;
- (d) To consider and, if deemed appropriate, to pass, with or without variation, a resolution approving a restricted share unit plan, as more particularly described in the accompanying Management Information Circular;
- (e) To consider and, if deemed appropriate, to pass, with or without variation, a resolution approving a deferred share unit plan, as more particularly described in the accompanying Management Information Circular; and
- (f) To transact such other business as may properly come before the Meeting or any adjournment thereof.

This notice is accompanied by a Management Information Circular, either a form of proxy for registered shareholders or a voting instruction form for beneficial shareholders, and a copy of the audited consolidated financial statements and MD&A of the Company for the year ended December 31, 2012. Shareholders will be able to request to receive copies of the Company’s annual and/or interim financial statements and MD&A by marking the appropriate box on the accompanying request form. The audited consolidated financial statements and MD&A of the Company for the year ended December 31, 2012 are being sent to all shareholders and are available upon request to the Company at info@ecosynthetix.com or they can be found under the Company’s profile on SEDAR at www.sedar.com, or on the Company’s website at <http://www.ecosynthetix.com>.

Shareholders who are unable to attend the Meeting are requested to complete, date, sign and return the enclosed form of proxy or voting instruction form, as applicable, so that as large a representation as possible may be had at the Meeting.

The Board of Directors has by resolution fixed the close of business on March 28, 2013 as the record date, being the date for the determination of the registered holders of common shares entitled to receive notice of, and to vote at, the Meeting and any adjournment thereof.

The Board of Directors has by resolution fixed 1:30 p.m. (Eastern Standard time) on May 6, 2013, or no later than 48 hours before the time of any adjourned Meeting (excluding Saturdays, Sundays and holidays), as the time before which proxies to be used or acted upon at the Meeting or any adjournment thereof shall be deposited with the Company’s transfer agent.

DATED at Burlington, Ontario this 1st day of April, 2013.

By Order of the Board of Directors



John van Leeuwen
CEO

COMMONLY ASKED QUESTIONS AND ANSWERS – VOTING AND PROXIES

Q. Who is soliciting my proxy?

A. The management of EcoSynthetix Inc. (“**EcoSynthetix**” or the “**Company**”) is soliciting your proxy. It is expected that the solicitation will be primarily by mail, however, proxies may also be solicited personally by regular employees of the Company. The cost of solicitation will be borne by the Company.

Q. What is quorum for the Meeting?

A. Quorum is needed to transact business at the Meeting. The Company’s by-laws require two persons present in person, each being a shareholder entitled to vote or a duly appointed proxy or proxyholder, representing not less than 25% of the common shares entitled to vote.

Q. Who is entitled to vote?

A. You are entitled to vote if you were a holder of common shares of EcoSynthetix as of the close of business on March 28, 2013. Each common share is entitled to one vote.

Q. When are proxies due?

A. Duly completed and executed proxies must be received by the Company’s transfer agent at the address indicated on the enclosed envelope no later than 1:30 p.m. (Eastern Standard time) on May 6, 2013, or no later than 48 hours before the time of any adjourned meeting (excluding Saturdays, Sundays and holidays).

Q. How many votes are required to pass a matter on the agenda?

A. A simple majority of the votes cast, in person or represented by proxy, is required for each of the matters specified in this Management Information Circular.

Q. How do I vote?

A. If you are eligible to vote and your shares are registered in your name, you can vote your shares in person at the Meeting or by signing and returning your form of proxy by mail in the prepaid envelope provided or by fax to the number indicated on the form or online at the website indicated on the form.

If your shares are not registered in your name but are held by a nominee (usually a bank, trust company, securities broker or other financial institution), please see the question and answer below.

Q. If my shares are not registered in my name but are held in the name of a nominee (a bank, trust company, securities broker or other financial institution), how do I vote my shares?

A. If your shares are not registered in your name, but are held in the name of a nominee (usually a bank, trust company, securities broker or other financial institution), you are a “non-registered” shareholder and your nominee is required to seek instructions from you as to how to vote your shares. Your nominee will have provided you with a package of information including these meeting materials and either a form of proxy or a voting instruction form. Carefully follow the instructions accompanying the proxy or voting instruction form.

Q. What if I am a non-registered shareholder and do not give voting instructions to my nominee?

A. As a non-registered shareholder, in order to ensure your shares are voted in the way you would like, you **must** provide voting instructions to your bank, broker or other nominee by the deadline provided in the materials you receive from your bank, broker or other nominee. If you do not provide voting instructions to your bank, broker or other nominee, your shares will not be voted.

Q. What happens if I want to attend the Meeting and vote in person?

A. If you are a registered shareholder and wish to vote in person, you may present yourself to a representative of the scrutineer of the Meeting, CIBC Mellon Trust Company (“**CIBC Mellon**”). Canadian Stock Transfer Company Inc. acts as the Administrative Agent for CIBC Mellon. Your vote will be taken and counted at the Meeting. If you wish to vote in person at the Meeting, do not complete or return the form of proxy.

The Company **does not** have the names of its non-registered shareholders. Therefore, if you attend the Meeting, the Company will have no record of your shareholdings or of your entitlement to vote unless your nominee has appointed you as a proxyholder. If you wish to vote in person at the Meeting, insert your own name in the space provided (appointee section) on the form of proxy or voting instruction form sent to you by your nominee. In doing so, you are instructing your nominee to appoint you as a proxyholder. Complete the form by following the return instructions provided by your nominee. Do not otherwise complete the form as you will be voting in person at the Meeting. You should present yourself to a representative of CIBC Mellon upon arrival at the Meeting.

Q. Should I sign the form of proxy enclosed with this Management Information Circular?

A. If you are a registered shareholder you must sign the enclosed form of proxy for it to be valid. If you are a non-registered shareholder please read the instructions provided by your nominee.

Q. What if my shares are registered in more than one name or in the name of a company?

A. If the shares are registered in more than one name, all those persons in whose name the shares are registered must sign the form of proxy. If the shares are registered in the name of a company or any name other than your own, you should provide documentation that proves you are authorized to sign the form of proxy. If you have any questions as to what documentation is required, contact CIBC Mellon prior to submitting your form of proxy.

Q. Can I appoint someone other than the individuals named in the enclosed form of proxy to vote my shares?

A. **Yes, you have the right to appoint some other person of your choice who need not be a shareholder of the Company to attend and act on your behalf at the Meeting.** If you wish to appoint a person other than those named in the enclosed form of proxy, then strike out those printed names appearing on the form of proxy and insert the name of your chosen proxyholder in the space provided. *NOTE: It is important to ensure that any other person you appoint is attending the Meeting and is aware that his or her appointment has been made to vote your shares.* Proxyholders should, on arrival at the Meeting, present themselves to a representative of CIBC Mellon.

Q. Where do I send my completed proxy?

A. You should send your completed proxy to:

By Mail:

CIBC Mellon Trust Company
Attention: Proxy Department
P.O. Box 721
Agincourt, ON
M1S 0A1

or faxed to (416) 368-2502

Hand Delivery (or Courier):

CIBC Mellon Trust Company
320 Bay Street
Basement Level (B1 Level)
Toronto, ON
M5H 4A6

Q. Can I change my mind once I send my proxy?

A. If you are a registered shareholder and have returned a form of proxy, you may revoke it by:

1. completing and signing another form of proxy bearing a later date, and delivering it to CIBC Mellon; or
2. delivering a written statement, signed by you or your authorized attorney to:
 - (a) the registered office of EcoSynthetix located at 3365 Mainway, Burlington, Ontario L7M 1A6, Attention: Melissa Faye, at any time up to and including May 6, 2013 or, if the Meeting is adjourned, the business day preceding the day to which the Meeting is adjourned; or
 - (b) the chairman of the Meeting prior to the commencement of the Meeting on the day of the Meeting or, if the Meeting is adjourned, the day to which the Meeting is adjourned.

If you are a non-registered shareholder, contact your nominee.

Q. How will the shares be voted if I send my proxy?

A. The shares represented by your proxy must be voted as you instruct in the form of proxy. If you properly complete and return your proxy but do not specify how you wish to vote, your shares will be voted as your proxyholder sees fit. Unless contrary instructions are provided, shares represented by proxies received by management will be voted as follows:

- (a) FOR the election of directors of the Company as set out in this Management Information Circular;
- (b) FOR the appointment of PricewaterhouseCoopers LLP, Chartered Accountants, as auditors of the Company for the ensuing year and to authorize the directors to fix their remuneration;
- (c) FOR the resolution approving the restricted share unit plan; and
- (d) FOR the resolution approving the deferred share unit plan.

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

A. If you attend the Meeting in person and are eligible to vote, you may vote on such matters as you choose.

If you have completed and returned the form of proxy, the person named in the form of proxy will have discretionary authority with respect to amendments or variations to matters identified in the Notice of Annual and Special Meeting of Shareholders of EcoSynthetix, and with respect to other matters which may properly come before the Meeting. As of the date of this Management Information Circular, the management of the Company knows of no such amendment, variation or other matter expected to come before the Meeting. If any other matters properly come before the

Meeting, the persons named in the form of proxy will vote on them in accordance with their best judgment.

Q. What if I am a registered shareholder and do not submit a proxy?

A. As a registered shareholder, if you do not submit a proxy prior to 48 hours before the Meeting or you do not attend and vote at the Meeting, your shares will not be voted on any matter that comes before the Meeting.

Q. Who counts the votes?

A. A scrutineer, employed by the Company's registrar and transfer agent, CIBC Mellon, will count the votes and report the results to the Company.

Q. Is my vote confidential?

A. Your proxy vote is confidential. Proxies are received, counted and tabulated by CIBC Mellon. CIBC Mellon does not disclose the results of individual shareholder votes unless: they contain a written comment clearly intended for management; in the event of a proxy contest or proxy validation issue; or if necessary to meet legal requirements.

Q. If I need to contact CIBC Mellon, the Company's registrar and transfer agent, how do I reach them?

A. You can contact the Company's registrar and transfer agent:

by mail at: P.O. Box 700
Station B
Montreal, QC
H3B 3K3

by fax at: 416-682-3860 or 1-800-387-0825
1-888-249-6189

hand delivery/courier: 320 Bay Street
Basement Level (B1 Level)
Toronto, ON
M5H 4A6

ECOSYNTHETIX INC.

MANAGEMENT INFORMATION CIRCULAR

EXCHANGE RATE

Unless otherwise stated, the information contained in this Management Information Circular is as of March 28, 2013. All dollar amounts referenced herein, unless otherwise indicated, are expressed in United States dollars and Canadian dollars are referred to as "C\$". Unless otherwise stated, any United States dollar amounts which have been converted from Canadian dollars have been converted at the exchange rate of C\$1.00 = US\$0.99, being the average annual exchange rate for Canadian dollars in terms of United States dollars for the year ended December 31, 2012.

GENERAL PROXY INFORMATION

Solicitation of Proxies

This Management Information Circular is furnished in connection with the solicitation of proxies by the management of EcoSynthetix Inc. ("EcoSynthetix" or the "Company") for use at the Annual and Special Meeting of Shareholders (the "Meeting") of the Company to be held at the time and place and for the purposes set forth in the accompanying Notice of Meeting. References in this Management Information Circular to the Meeting include any adjournment or adjournments thereof. It is expected that the solicitation will be primarily by mail, however, proxies may also be solicited personally by regular employees of the Company. The cost of solicitation will be borne by the Company.

The Board of Directors of the Company (the "**Board**") has fixed the close of business on March 28, 2013 as the record date, being the date for the determination of the registered holders of common shares of the Company entitled to receive notice of, and to vote at, the Meeting. Duly completed and executed proxies must be received by the Company's transfer agent at the address indicated on the enclosed envelope no later than 1:30 p.m. (Eastern Standard time) on May 6, 2013, or no later than 48 hours before the time of any adjourned Meeting (excluding Saturdays, Sundays and holidays).

Appointment and Revocation of Proxies

The persons named in the enclosed form of proxy are officers or directors of the Company. **A shareholder desiring to appoint some other person, who need not be a shareholder, to represent him at the Meeting, may do so by inserting such person's name in the blank space provided in the enclosed form of proxy or by completing another proper form of proxy and, in either case, depositing the completed and executed proxy at the office of the Company's transfer agent indicated on the enclosed envelope no later than 1:30 p.m. (Eastern Standard time) on May 6, 2013, or no later than 48 hours before the time of any adjourned Meeting (excluding Saturdays, Sundays and holidays).**

A shareholder forwarding the enclosed proxy may indicate the manner in which the appointee is to vote with respect to any specific item by checking the appropriate space. If the shareholder giving the proxy wishes to confer a discretionary authority with respect to any item of business, then the space opposite the item is to be left blank. The shares represented by the proxy submitted by a shareholder will be voted in accordance with the directions, if any, given in the proxy.

A proxy given pursuant to this solicitation may be revoked by an instrument in writing executed by a shareholder or by a shareholder's attorney authorized in writing (or, if the shareholder is a corporation, by a duly authorized officer or attorney) and deposited either at the registered office of the Company (3365 Mainway, Burlington, Ontario L7M 1A6, Attention: Melissa Faye) at any time up to and including the last business day preceding the day of the Meeting or with the Chairman of the Meeting on the day of the Meeting or in any other manner permitted by law.

Exercise of Discretion by Proxies

The persons named in the enclosed form of proxy will vote the shares in respect of which they are appointed in accordance with the direction of the shareholders appointing them. **In the absence of such direction, such shares will be voted in favour of the passing of all the resolutions described**

below. The enclosed form of proxy confers discretionary authority upon the persons named therein with respect to amendments or variations to matters identified in the Notice of Meeting and with respect to other matters which may properly come before the Meeting. At the time of printing of this Management Information Circular, management knows of no such amendments, variations or other matters to come before the Meeting. However, if any other matters which are not now known to management should properly come before the Meeting, the proxy will be voted on such matters in accordance with the best judgment of the named proxies.

Voting by Non-Registered Shareholders

Only registered shareholders of the Company or the persons they appoint as their proxies are permitted to vote at the Meeting. Most shareholders of the Company are “non-registered” shareholders (“**Non-Registered Shareholders**”) because the shares they own are not registered in their names but are instead registered in the name of the brokerage firm, bank or trust company through which they purchased the shares. Shares beneficially owned by a Non-Registered Shareholder are registered either: (i) in the name of an intermediary (an “**Intermediary**”) that the Non-Registered Shareholder deals with in respect of the shares of the Company (Intermediaries include, among others, banks, trust companies, securities dealers or brokers and trustees or administrators of self-administered RRSPs, RRIFs, RESPs and similar plans); or (ii) in the name of a clearing agency (such as CDS Clearing and Depository Services Inc. or The Depository Trust & Clearing Corporation) of which the Intermediary is a participant. In accordance with applicable securities law requirements, the Company will have distributed copies of the notice of meeting, this Management Information Circular, the form of proxy and a form to request copies of the Company’s annual and/or interim financial statements and MD&A (collectively, the “**Meeting Materials**”) to the clearing agencies and Intermediaries for distribution to Non-Registered Shareholders.

Intermediaries are required to forward the Meeting Materials to Non-Registered Shareholders unless a Non-Registered Shareholder has waived the right to receive them. Intermediaries often use service companies to forward the Meeting Materials to Non-Registered Shareholders. Generally, Non-Registered Shareholders who have not waived the right to receive Meeting Materials will either:

1. be given a voting instruction form **which is not signed by the Intermediary** and which, when properly completed and signed by the Non-Registered Shareholder and **returned to the Intermediary or its service company**, will constitute voting instructions (often called a “voting instruction form”) which the Intermediary must follow. Typically, the voting instruction form will consist of a one page pre-printed form. Sometimes, instead of the one page pre-printed form, the voting instruction form will consist of a regular printed proxy form accompanied by a page of instructions which contains a removable label with a bar-code and other information. In order for the form of proxy to validly constitute a voting instruction form, the Non-Registered Shareholder must remove the label from the instructions and affix it to the form of proxy, properly complete and sign the form of proxy and submit it to the Intermediary or its service company in accordance with the instructions of the Intermediary or its service company; or
2. be given a form of proxy **which has already been signed by the Intermediary** (typically by a facsimile, stamped signature), which is restricted as to the number of shares beneficially owned by the Non-Registered Shareholder but which is otherwise not completed by the Intermediary. Because the Intermediary has already signed the form of proxy, this form of proxy is not required to be signed by the Non-Registered Shareholder when submitting the proxy. In this case, the Non-Registered Shareholder who wishes to submit a proxy should properly complete the form of proxy and deposit it with CIBC Mellon Trust Company, P. O. Box 721, Agincourt, ON, M1S 0A1 or by facsimile at 416-368-2502. Canadian Stock Transfer Company Inc. acts as the Administrative Agent for CIBC Mellon.

In either case, the purpose of these procedures is to permit Non-Registered Shareholders to direct the voting of the shares of the Company they beneficially own. Should a Non-Registered Shareholder who receives one of the above forms wish to vote at the Meeting in person (or have another person attend and vote on behalf of the Non-Registered Shareholder), the Non-Registered Shareholder should strike out the persons named in the form of proxy and insert the Non-Registered Shareholder or such other person’s name in the blank space provided. **In either case, Non-Registered Shareholders should carefully**

follow the instructions of their Intermediary, including those regarding when and where the proxy or voting instruction form is to be delivered.

A Non-Registered Shareholder may revoke a voting instruction form or a waiver of the right to receive Meeting Materials and to vote which has been given to an Intermediary at any time by written notice to the Intermediary provided that an Intermediary is not required to act on a revocation of a voting instruction form or of a waiver of the right to receive Meeting Materials and to vote which is not received by the Intermediary at least seven days prior to the Meeting.

Voting Securities and Principal Holders Thereof

As of March 28, 2013, the total issued and outstanding common shares in the capital of the Company (the “**Common Shares**”) was 47,953,972. Each Common Share entitles the holder thereof to one vote on all matters to be acted upon at the Meeting. The record date for the determination of shareholders entitled to receive notice of, and to vote at, the Meeting has been fixed at March 28, 2013. In accordance with the provisions of the *Business Corporations Act* (Ontario) (the “**OBCA**”), the Company will prepare a list of holders of Common Shares as of such record date. Each holder of Common Shares named in the list will be entitled to vote the shares shown opposite his or her name on the list at the Meeting. All such holders of record of Common Shares are entitled either to attend and vote thereat in person the Common Shares held by them or, provided a completed and executed proxy shall have been delivered to the Company’s transfer agent within the time specified in the attached Notice of Meeting, to attend and vote thereat by proxy the Common Shares held by them.

On August 4, 2011, the Company completed an initial public offering of 11,150,000 common shares issued from treasury at a price of C\$9.00 per share for gross proceeds of C\$100,350,000. In connection with the offering, EcoSynthetix Ltd. (“**EcoSynthetix U.S.**”) was acquired by the Company from certain of the existing shareholders in exchange for approximately 33,640,663 Common Shares, on the basis of seven Common Shares for each share of common stock of EcoSynthetix U.S. held. As of December 31, 2012, the remaining approximately 15% of the outstanding shares of common stock of EcoSynthetix U.S. continued to be held by retained interest holders (the “**Retained Interest Holders**”). The Retained Interest Holders and the Company entered into a put/call agreement pursuant to which the Retained Interest Holders are entitled to sell their shares of common stock of EcoSynthetix U.S. (the “**Covered Shares**”) to the Company at any time prior to the date that is five years following the closing of the offering (the “**Put Expiry Date**”) in exchange for Common Shares of the Company on the basis of seven common shares for one Covered Share, subject to adjustment. In addition, the Company is entitled to purchase the Covered Shares held by the Retained Interest Holders at any time from the period commencing one year following the Put Expiry Date to the date that is two years following the Put Expiry Date in exchange for seven common shares for one Covered Share, subject to adjustment.

Principal Shareholders

To the knowledge of the directors and executive officers of the Company, and based on existing information as of the date hereof, no person or company beneficially owns, directly or indirectly, or exercises control or direction over, voting securities of the Company carrying more than 10% of the voting rights attached to any class of voting securities of the Company, except as set forth in the table below.

Name of Shareholder	Number of Common Shares Held ⁽¹⁾	Percentage of Common Shares Outstanding
Lions Investment Ltd. ⁽²⁾	12,338,484	25.73% ⁽³⁾
Cargill, Incorporated	374,108	0.78% ⁽⁴⁾

Notes:

(1) The information as to Common Shares beneficially owned, or controlled or directed, directly or indirectly, not being within the knowledge of the Company, has been obtained by the Company from publicly disclosed information and/or furnished by the principal shareholders.

- (2) Mr. John van Leeuwen is an investment advisor to Lions Investment Ltd. Mr. van Leeuwen does not have a beneficial ownership interest in Lions Investment Ltd.
- (3) Assuming all Retained Interest Holders exchange their shares of common stock of EcoSynthetix U.S. for Common Shares, Lions Investment Ltd. would hold 22% of the outstanding Common Shares.
- (4) Assuming all Retained Interest Holders, including Cargill, Incorporated, exchange their shares of common stock of EcoSynthetix U.S. for Common Shares, Cargill, Incorporated would hold 6,037,647 Common Shares or 10.61% of the outstanding Common Shares

PARTICULAR OF MATTERS TO BE ACTED UPON

Financial Statements

The audited consolidated financial statements of the Company for the year ended December 31, 2012 and the report of the auditors thereon will be placed before the shareholders at the Meeting, but no vote thereon is required.

The audited consolidated financial statements and MD&A of the Company for the financial year ended December 31, 2012 are available upon request to the Company or they can be found under the Company's profile on SEDAR at www.sedar.com, or on the Company's website at www.ecosynthetix.com.

Election of Directors

The Company's Articles of Incorporation (the "**Articles**") provide that the Board consist of a minimum of one and a maximum of ten directors. The Board currently consists of five directors. At the Meeting, the five persons set out under the heading "Election of Directors" will be proposed for election as directors of the Company (the "**Nominees**"). Each of the Nominees was re-appointed as a director of the Company at the Company's 2012 annual general meeting and is currently a director. Each director elected will hold office until the close of the next annual meeting of shareholders of the Company following his or her election or until his or her successor is duly elected or appointed unless his or her office is earlier vacated in accordance with the by-laws of the Company. The Nominees proposed for election as directors were recommended to the Board by the Corporate Governance and Nominating Committee and are listed under the heading "Election of Directors" on page 13.

Upon recommendation from the Corporate Governance and Nominating Committee the Board has adopted a majority voting policy.

Unless authority to do so is withheld, the persons named in the accompanying proxy intend to vote FOR the election of the Nominees. Management does not contemplate that any of the Nominees will be unable to serve as a director, but if that should occur for any reason prior to the Meeting, it is intended that discretionary authority will be exercised by the persons named in the accompanying proxy to vote the proxy for the election of any other person or persons in place of any Nominee or Nominees unable to serve.

Appointment of Auditor

At the Meeting, shareholders will be asked to appoint the firm PricewaterhouseCoopers LLP to hold office as the Company's auditors until the close of the next annual meeting of shareholders and to authorize the Board to fix their remuneration.

Unless authority to do so is withheld, the persons named in the accompanying proxy intend to vote FOR the appointment of PricewaterhouseCoopers LLP, Chartered Accountants, as auditors of the Company until the close of the next annual meeting of shareholders and to authorize the directors to fix their remuneration.

The auditors of the company PricewaterhouseCoopers LLP, Chartered Accountants, were first appointed on May 20, 2011. During the years ended December 31, 2012 and 2011, the following fees were paid by the Company to its independent registered chartered accountants:

<u>Type of Work</u>	<u>2012 Fees (\$)</u>	<u>2011 Fees (\$)</u>
Audit fees	\$104,643	\$86,500
Audit-related fees	NIL	\$602,625
Tax fees	\$6,120	\$731,454
All other fees	NIL	NIL
Total	\$110,763	\$1,420,579

For further information see the Company's annual information form (the "AIF") dated March 28, 2013. The AIF is available under the Company's profile at www.sedar.com.

Approval of the Restricted Share Unit Plan

On March 5, 2013, the Board approved the adoption of a restricted share unit plan (the "**RSU Plan**"). The Board decided that it is desirable to have a wide range of incentive plans, including the RSU Plan, in place to attract, retain and motivate employees, officers and consultants of the Company. The following is a summary of some of the key terms of the RSU Plan. A complete copy of the RSU Plan is attached hereto as Schedule "B".

The RSU Plan provides that restricted share unit awards (the "**RSUAs**") may be granted by a committee (the "**Committee**") which administers the RSU Plan to full-time employees, officers and eligible contractors of the Company or an affiliate in a calendar year as a bonus for services rendered to the Company or an affiliate in the fiscal year ending in such calendar year, as determined in the sole and absolute discretion of the Committee. The number of restricted share units ("**RSUs**") awarded will be credited to the participant's account effective on the grant date of the RSUAs. The Committee shall establish performance criteria for the grant of RSUs to eligible participants from time to time.

Upon receipt of the requisite shareholder approval of the RSU Plan, 1,000,000 Common Shares will be reserved for issuance under the RSU Plan, representing approximately 2.1% of the issued and outstanding Common Shares. The maximum number of Common Shares issuable to insiders, at any time, pursuant to the RSU Plan and any other security based compensation arrangements of the Company is 10% of the total number of Common Shares then outstanding. The maximum number of Common Shares issuable to insiders, within any one year period, pursuant to the RSU Plan and any other security based compensation arrangements of the Company is 10% of the total number of Common Shares then outstanding.

Each RSUA entitles the holder, subject to the terms of the RSU Plan, to receive a payment in fully-paid Common Shares issued from the treasury of the Company. The Committee will have the discretion to credit a participant with additional RSUs equal to the aggregate amount of any dividends that would have been paid to the participant if the RSUs had been Common Shares, divided by the market value of the Common Shares on the date on which dividends were paid by the Company.

If the employment or services of the participant is terminated prior to the Participant's Entitlement Date (as defined in the RSU Plan), for any reason other than death, disability, retirement or termination without cause, then, except as provided for in the RSU grant letter or as determined by the Committee, all RSUs will be forfeited by the participant, and be of no further force and effect, as of the date of termination. In the event of the termination without cause, a *pro rata* number of the unvested RSUs credited to the participant, based on the portion of the applicable vesting period that has been completed as of the date of termination, will vest on the date of termination, and the Common Shares underlying the RSUs credited to the participant's account shall be issued to the participant as soon as is administratively possible. In the event of death, all unvested RSUs credited to the participant will vest on the date of the participant's death. The Common Shares underlying the RSUs credited to the participant's account shall be issued to the participant's estate as soon as administratively possible. In the event of the total disability of a participant, all unvested RSUs credited to the participant will vest within 60 days following the date on which the participant is determined to be totally disabled, and the Common Shares underlying such RSUs credited to the participant's account shall be issued to the participant as soon as administratively possible. In any event, upon a Change of Control (as defined in the RSU Plan) that results in the termination of a participant's employment without cause, all Restricted Share Units outstanding shall immediately vest on the date of such Change of Control notwithstanding any stated vesting period. In any event, upon a Change of Control, participants shall not be treated any more favourably than shareholders of the Company with respect to the consideration that the participants would be entitled to receive for their Common Shares

Pursuant to the terms of the RSU Plan, the Board or the Committee, as the case may be, may discontinue the RSU Plan at any time without first obtaining shareholder approval, provided that, without the consent of a participant, such discontinuance may not in any manner adversely affect the participant's rights under any RSU granted under the RSU Plan.

The Board or the Committee may, subject to receipt of requisite regulatory and shareholder approval, make the following amendments to the Plan:

- (a) increase the number of RSUs or maximum percentage of RSUs which may be issued pursuant to the Plan;
- (b) change the definition of "Participant" under the Plan which would have the potential of narrowing, broadening or increasing insider participation;
- (c) reduce the range of amendments requiring shareholder approval contemplated in this Section;
- (d) make amendments that may lead to significant or unreasonable dilution to the Corporation's outstanding securities, or that may provide additional benefits to Participants at the expense of the Corporation or its shareholders;
- (e) change insider participation limits which would result in shareholder approval being required on a disinterested basis; or
- (f) make amendments to Section 5.03 of the Plan that would permit RSUs, or any other right or interest of a Participant under the Plan, to be assigned or transferred, other than for normal estate settlement purposes.

The Board or the Committee may, subject to receipt of requisite regulatory approval, where required, in its sole discretion make all other amendments to the Plan that are not of the type contemplated above, including, without limitation:

- (a) amendments of a housekeeping nature;
- (b) the addition or a change to the vesting provisions of an RSU or the Plan;
- (c) a change to the termination provisions of an RSU or the Plan;
- (d) amendments to reflect changes to applicable securities laws; and
- (e) amendments to ensure that the RSUs granted under the Plan will comply with any provisions respecting income tax and other laws in force in any country or jurisdiction of which a Participant to whom an RSU has been granted may from time to time be a resident or citizen.

A copy of the full text of the RSU Plan is attached as Schedule "B" to this management information circular.

At the Meeting, shareholders will be asked to consider and, if deemed appropriate, to pass, with or without variation, a resolution, in the form set out below (the "**RSU Plan Resolution**"), subject to such amendments, variations or additions as may be approved at the Meeting, approving the adoption of the RSU Plan. The Board and management recommend the adoption of the RSU Plan Resolution. The Toronto Stock Exchange (the "TSX") has conditionally approved the RSU Plan, subject to shareholder approval. To be effective, the RSU Plan Resolution must be approved by not less than a majority of the votes cast by the holders of Common Shares present in person, or represented by proxy, at the Meeting. **Unless otherwise indicated, the persons designated as proxyholders in the accompanying form of proxy will vote the Common Shares represented by such form of proxy,**

The text of the RSU Plan Resolution to be submitted to shareholders at the Meeting is set forth below, subject to such amendments, variations or additions as may be approved at the Meeting:

"NOW THEREFORE BE IT RESOLVED THAT:

1. the adoption of the RSU Plan by the Company in the form attached to the management information circular of the Company dated April 1, 2013 as Schedule "B" and the reservation for issuance under such plan of 1,000,000 Common Shares is hereby authorized and approved;
2. the Company be and it is hereby authorized and directed to issue such Common Shares pursuant to the RSU Plan as fully paid and non-assessable shares of the Company; and
3. any director or officer of the Company is hereby authorized and directed, acting for, in the name of and on behalf of the Company, to execute or cause to be executed, under the seal of the Company or otherwise, and to deliver or cause to be delivered, such other documents and instruments, and to do or cause to be done all such acts and things, as may in the opinion of such director or officer of the Company be necessary or desirable to carry out the intent of the foregoing resolutions."

Approval of the Deferred Share Unit Plan

On March 5, 2013, the Board approved the adoption of a deferred share unit plan (the "**DSU Plan**"), which, among other things, provides for the award of Deferred Share Units ("**DSUs**") to non-employee directors of the Company, as further described below. The following is a summary of some of the key terms of the DSU Plan. A complete copy of the DSU Plan is attached hereto as Schedule "C".

The Board has approved the submission of the DSU Plan for approval by the shareholders of the Company, but has reserved the right, in the exercise of its discretion, to abandon the DSU Plan, regardless of whether the shareholders approve the DSU Plan. The DSU Plan is also subject to regulatory approval.

Under the DSU Plan, non-executive directors may receive a grant of DSUs in satisfaction of their annual retainer on such other date recommended by the Committee (as defined below) and confirmed by the Board. Until such time as the director minimum share ownership requirement is met, it is expected that directors will automatically receive the equivalent of \$75,000 of their annual retainer over a period of five years in the form of DSUs. Each DSU is equivalent to one Common Share. DSUs must be retained until the director leaves the Board of Directors, at which time the DSUs will be paid out in Common Shares. In the event dividends are declared and paid, additional DSUs would be credited to reflect dividends paid on the Common Shares.

The purpose of this DSU Plan is to strengthen the alignment of interests between the non-executive directors and the shareholders of the Company by linking a portion of each non-executive director's annual compensation to the future value of the Common Shares. In addition, the DSU Plan advances the interests of the Company by motivating, attracting and retaining the Company's directors and encouraging their commitment and performance.

The DSU Plan is administered by the Board, or, if the Board so delegates, by a compensation committee of the Company (the "**Committee**"). The Committee has full discretionary authority to administer the DSU Plan, including the authority to interpret and construe any provision of the DSU Plan and to adopt, amend and rescind rules and regulations for administering the DSU Plan as the Committee deems necessary to comply with the provisions of the DSU Plan. The Committee shall also have the authority to make any special grant of DSUs to non-executive directors at any time the Committee deems appropriate.

Members of the Board or certain of the Company's affiliates, who are not employees or consultants of the Company or certain of the Company's affiliates, are eligible to receive awards or grants under the DSU Plan. As of the date of the date of this Circular, all of the Company's non-employee directors (four in total) were eligible to receive awards under the DSU Plan.

Subject to the terms of the DSU Plan, the Committee shall determine the annual remuneration of non-employee directors on a date recommended by the Committee and confirmed by the Board, and the number of DSUs shall be automatically granted and issued to each Eligible Director on a date recommend by the Committee and confirmed by the Board (the "**DSU Grant Date**"). The Committee may

also make additional determinations from time to time with respect to the number of DSUs to be issued to new non-employee directors appointed from time to time.

Notwithstanding any of the foregoing, the Committee shall have the authority to make any special grant of DSUs to non-employee directors, in such numbers, and at any time as the Committee will deem appropriate.

Each outstanding DSU held by a participant shall be redeemed by the Company on the participant's separation date (as defined in the DSU Plan), less applicable statutory source deductions. Fractional DSUs will be cancelled. One previously unissued Common Share for each whole DSU granted or credited to each participant (the "**DSU Payment**") shall be paid to the participant on such date as the Company determines, not later than 60 days after the applicable separation date, without any further action on the part of the participant, and the participant shall have no ability to influence the calendar year in which the DSU Payment shall be made.

Where DSUs have been granted to a participant with reference to his or her director remuneration for a year, in the event such participant resigns during such year or is not re-elected to the Board for the balance of such year, the participant will be only entitled to a pro-rated DSU Payment in respect of such DSUs based on the number of days such year that the participant was eligible under the DSU Plan.

The Company or certain affiliates of the Company may take such steps, including, but not limited to, the sale or other disposition, for and on behalf of the participant, of any Common Shares issuable on the redemption of the DSUs, as are considered necessary or appropriate for the withholding of any taxes or other amounts that are required by any law or regulation of any governmental authority to withhold.

Subject to certain adjustments, the maximum aggregate number of Common Shares that may be issued under the DSU Plan is 500,000 authorized but previously unissued Common Shares.

For purposes of determining the number of Common Shares available for issuance under the DSU Plan, the number of Common Shares covered by a DSU shall be counted against the aggregate number of Common Shares available under the DSU Plan on the DSU Grant Date, and the number of Common Shares that shall be counted against the DSU Plan shall be equal to the number of Common Shares the participant would be entitled to if the DSU Payment were made on the DSU Grant Date. If a DSU is terminated without delivery of any Common Shares, then the number of Common Shares counted against the aggregate number of Common Shares available under the DSU Plan with respect to such DSU, to the extent of any such termination, shall again be available under the DSU Plan.

The aggregate number of Common Shares issuable to insiders (as such term is defined under the TSX Company Manual) pursuant to DSUs and all other security-based compensation arrangements, at any time, shall not exceed 10% of the total number of Common Shares then outstanding. The aggregate number of Common Shares issued to insiders pursuant to DSUs and all other security-based compensation arrangements, within a one year period, shall not exceed 10% of the total number of Common Shares then outstanding.

The Committee may, from time to time, in the absolute discretion of the Committee amend (without shareholder approval), modify and change the provisions of the DSU Plan, provided that no such amendment, modification or change to the provisions of the DSU Plan which would:

- a) materially increase the benefits of the holder under the DSU Plan to the detriment of the Company and its shareholders;
- b) increase the number of Common Shares, other than by virtue of Section 5.04 of the DSU Plan, which may be issued pursuant to the DSU Plan;
- c) reduce the range of amendments requiring shareholder approval contemplated in under the DSU Plan;
- d) permit DSUs to be transferred other than for normal estate settlement purposes;
- e) change insider participation limits which would result in shareholder approval being required on a disinterested basis; or

- f) materially modify the requirements as to eligibility for participation in the DSU Plan;

shall only be effective upon such amendment, modification or change being approved by the shareholders of the Company, if required by the TSX or any other regulatory authorities having jurisdiction over the Company. In addition, any such amendment, modification or change of any provision of the DSU Plan shall be subject to the approval, if required, by any regulatory authority having jurisdiction over the securities of the Company.

In the event there is any change to the Common Shares, whether by reason of a share dividend, share split, reverse share split, consolidation, subdivision, reclassification or otherwise, an appropriate proportionate adjustment shall be made by the Committee with respect to the number of DSUs then outstanding under the DSU Plan as the Committee, in its sole discretion, may determine to prevent dilution or enlargement of rights. Subject to any applicable regulatory approval, all such adjustments, as determined by the Committee, shall be conclusive, final and binding for all purposes of the DSU Plan.

The DSU Plan is effective as of the date of shareholder approval, and shall remain in effect until it is terminated by the Board, subject to the requirements of the exchange upon which the Common Shares are then listed. Upon termination of the DSU Plan, the Company shall redeem all remaining DSUs, as at the applicable separation date for each of the remaining participants.

Because the amount and composition of awards to be granted in the future under the DSU Plan is at the discretion of the Committee, it is not possible to determine the benefits or the amounts received or that will be received under the DSU Plan by our non-executive directors.

The text of the DSU Plan Resolution to be submitted to shareholders at the Meeting is set forth below, subject to such amendments, variations or additions as may be approved at the Meeting:

"NOW THEREFORE BE IT RESOLVED THAT:

1. the adoption of the DSU Plan by the Company in the form attached to the management information circular of the Company dated April 1, 2013 as Schedule "C" and the reservation for issuance under such plan of 500,000 Common Shares is hereby authorized and approved;
2. the Company be and it is hereby authorized and directed to issue such Common Shares pursuant to the DSU Plan as fully paid and non-assessable shares of the Company; and
3. any director or officer of the Company is hereby authorized and directed, acting for, in the name of and on behalf of the Company, to execute or cause to be executed, under the seal of the Company or otherwise, and to deliver or cause to be delivered, such other documents and instruments, and to do or cause to be done all such acts and things, as may in the opinion of such director or officer of the Company be necessary or desirable to carry out the intent of the foregoing resolutions."

ELECTION OF DIRECTORS

Five directors are to be elected at the Meeting, each of whom is to hold office until the end of the next annual meeting of shareholders or until their successors' are elected or appointed. All nominees have established their eligibility and willingness to serve as directors.

The following tables set forth the details with respect to each Nominee, and is based upon information furnished by the Nominee concerned and the principal occupations, businesses or employments of each of the Nominees within the past five years are disclosed in the brief biographies.

The tables also show the details regarding current directorships held in other public companies, the current share ownership, consisting of common shares beneficially owned, directly or indirectly or controlled or directed, options, the value of total compensation received during the period from January 1, 2012 to December 31, 2012, and the total market value of the securities held.

	Subsequent to being re-appointed to the EcoSynthetix Board by shareholders at the Company's May 14, 2012 annual general meeting, Mr. Colcleugh was appointed Chairman of EcoSynthetix by the Board of Directors.			
	Mr. Colcleugh earned a B.A., M.A. Sc. and Ph.D. in Chemical Engineering from the University of Toronto where he was recently appointed Leadership Development Professor. He joined DuPont Canada Inc ("DuPont") in 1963 as a Research Engineer. During his career with Du Pont, he held many senior management positions. Prior to being appointed Chair, President and Chief Executive Officer of DuPont Canada Inc. in 1997, a position held until retirement in 2003, he was the president of DuPont Asia Pacific. He is currently Chairman of BIOX Corporation, and Chairman of KmX Membrane Technologies Corp. (a private company). He also sits on the Board of Directors for Chemtrade Logistics Income Fund and was recently appointed as a Fellow of the Canadian Academy of Engineering.			
<u>Current Principal Occupation:</u> Chairman and Director				
DAVID W. COLCLEUGH Ontario, Canada Director since: 2008 ⁽¹⁾ Independent	Committee Membership:		Attendance:	Other Board Memberships and Committees:
	Chairman Board Compensation Committee Corporate Governance and Nominating Committee		100% 100% 100% 100%	BIOX Corporation Chemtrade Logistics Income Fund KmX Membrane Technologies Corp.
As at December 31, 2012⁽³⁾				
Year	Common Shares Beneficially Owned, Controlled or Directed	Options	Total Market Value of Common Shares	Value of Total Compensation Received:
2012	108,631	117,958	\$371,029	\$188,595

	Mr. van Leeuwen co-founded EcoSynthetix in 1996 and has served as Chief Executive Officer since 2004.			
	From 1996 to 2004, Mr. van Leeuwen was Chief Executive Officer of Tech Inspirations Inc., a venture capital company with a focus on investments in computer software, internet and biotechnology companies. From 1990 to 1996, he was responsible for the start-up of the North American operations of the software company Baan Company N.V. and as part of that group's senior management team led it to a successful initial public offering on the NASDAQ in May 1995. In addition, he has significant management, technology & product marketing and chemical research & development experience acquired during his time with Strohn CIM Systems, Inc., Monsanto Chemical Company and Shell Chemicals. He holds a B.A.Sc. in Chemistry with honours from the University of Waterloo.			
On October 10, 2012 Mr. van Leeuwen along with co-founder Mr. Bloembergen received Ernst & Young's Entrepreneur of the Year Award 2012.				
<u>Current Principal Occupation:</u> Chief Executive Officer of the Company				
JOHN VAN LEEUWEN Ontario, Canada Director since: 1996 ⁽¹⁾ Non-Independent	Committee Membership:		Attendance:	Other Public Board Memberships and Committees:
	N/A		N/A	N/A
As at December 31, 2012⁽³⁾				
Year	Common Shares Beneficially Owned, Controlled or Directed	Options	Total Market Value of Common Shares	Value of Total Compensation Received:
2012	296,660 ⁽²⁾	2,741,452	\$1,013,242	\$921,968

		<p>Mr. Barker is a finance professional with general management experience. Mr. Barker was Senior Vice President and Chief Financial Officer of Zenon Environmental Inc. from 2000 to 2006. He was responsible for managing the finance and information technology of over 35 subsidiary companies in 25 different countries. Most notably, he led teams that raised over \$140 million between 2002 and 2004, and assisted in the sale of Zenon Environmental Inc. to General Electric Company. Mr. Barker currently serves as Chair of the Audit Committee of EcoSynthetix Inc. He also sits on the Board of Directors of Titan Medical Inc. a TSX Venture Exchange company. Mr. Barker is a Fellow of the Society of Management Accountants of Canada.</p> <p><u>Current Principal Occupation:</u> Director</p>		
<p>JOHN E. BARKER Ontario, Canada Director since: 2008⁽¹⁾ Independent</p>		<p>Committee Membership:</p> <p>Board Corporate Governance and Nominating Committee Audit Committee (Chair) Compensation Committee</p>	<p>Attendance:</p> <p>100% 100% 100% 100%</p>	<p>Other Public Board Memberships and Committees:</p> <p>Titan Medical Inc. (Audit Committee)</p>
As at December 31, 2012⁽³⁾				
Year	Common Shares Beneficially Owned, Controlled or Directed	Options	Total Market Value of Common Shares	Value of Total Compensation Received:
2012	17,500	86,171	\$59,771	\$87,615

		<p>Mr. Varghese is currently President and Chief Executive Officer of JV Venture Partners, Chairman of Sprott Power ("SPZ.TO"), and Chairman of Direct Media Technologies Inc. Mr. Varghese has over 20 years professional experience ranging from venture capital and investment banking to senior management and board of director roles in various industries. He was Chief Executive Officer and a co-owner of VentureLink Innovation Fund Inc. from 2003 to 2011 and has held senior management roles within multinational corporations including Royal Bank Capital Corporation, Midland Walwyn Capital Inc. (Merrill Lynch Canada), Dell Computer Corporation, and Jim Pattison Industries Ltd. He was on the Executive Committee and on the board of directors of the Canadian Venture Capital and Private Equity Association. He is also on the board of directors of Nano Ontario, a member of the Alberta Innovates nanoWorks Steering Committee, and on the executive committee of the Canadian Innovation Exchange. Mr. Varghese is a founding Board member of Bay Street Fore a Cau\$e Inc., a not-for-profit corporation that supports numerous children's charities across Toronto. Mr. Varghese is a past member of University of Toronto's Business board of directors and a past board member of the University of Toronto Asset Management Corporation. Mr. Varghese obtained his Chartered Accountant designation in 1991. He graduated from the University of Western Ontario with an Economics degree in 1988.</p> <p><u>Current Principal Occupation:</u> President and Chief Executive Officer of JV Venture Partners</p>		
<p>JOHN VARGHESE Ontario, Canada Director since: 2011 Independent</p>		<p>Committee Membership:</p> <p>Board Audit Committee Compensation Committee (Chair) Corporate Governance and Nominating Committee</p>	<p>Attendance:</p> <p>100% 100% 100% 100%</p>	<p>Other Public Board Memberships and Committees:</p> <p>Sprott Power Corp. Direct Media Technologies Inc.</p>
As at December 31, 2012⁽³⁾				
Year	Common Shares Beneficially Owned, Controlled or Directed	Options	Total Market Value of Common Shares	Value of Total Compensation Received:
2012	5,500	12,671	\$18,785	\$87,615



Dr. Carty is currently the Executive Director, Waterloo Institute for Nanotechnology. Prior to this appointment, Dr. Carty was the National Science Advisor to the Prime Minister and to the Government of Canada from 2004 to 2008. From 1994 to 2004, Dr. Carty served as the President of the National Research Council of Canada. Prior to this role, Dr. Carty spent two years at Memorial University and then 27 years at the University of Waterloo where he was successively professor of chemistry, director of the Guelph-Waterloo Center for Graduate Work in Chemistry, Chair for two terms and Dean of Research. Dr. Carty has 315 publications in peer reviewed journals and five patents to his credit. He is a former president of the Canadian Society for Chemistry, an honorary fellow of the Chemical Institute of Canada and a fellow of the Royal Society of Canada and the Fields Institute. Amongst his many awards are the Alcan Award and the Montreal Medal of the Chemical Institute of Canada, E.W.R Steacie Award of the Canadian Society for Chemistry, the Queen Elizabeth II Golden Jubilee Medal and the Taiwan National Science Council Professional Medal. He has been accorded fourteen honorary degrees from Canadian and foreign universities. Dr. Carty is an Officer of the Order of Canada and has also been honoured by France as Officier de l'Ordre National du Merite. Most recently he received the National Leader Award, Genome British Columbia in 2010, was elected an Honorary Fellow of the Canadian Academy of Engineering in 2009 and was awarded the Queen Elizabeth II Diamond Jubilee Medal in 2012. Currently, Dr. Carty is a Board member of DBL Cleantech Capital Inc., Board member of Bilcare Limited (India), a Board member of ArboraNano, the Business Led NCE, a Council member, Science and Technology in Society Forum (Japan), and a Member of the Advisory Board of Taiwan's National Science Council. He is also Chair of the Council of Canadian Academies, Expert Panel on "the State of Science Culture in Canada". Dr. Carty holds a Bachelor of Science, Chemistry and a Ph.D. (Inorganic Chemistry) from the University of Nottingham

Current Principal Occupation: Executive Director, Waterloo Institute for Nanotechnology

DR. ARTHUR CARTY Ontario, Canada Director since: 2011 Independent	Committee Membership:	Attendance:	Other Public Board Memberships and Committees:
	Board Compensation Committee Corporate Governance and Nominating Committee Audit Committee	100% 85% 100% 100%	BILCARE Ltd. (Pune, India) DBL Cleantech Capital Inc.

As at December 31, 2012⁽³⁾

Year	Common Shares Beneficially Owned, Controlled or Directed	Options	Total Market Value of Common Shares	Value of Total Compensation Received:
2012	5,000	12,671	\$17,078	\$83,160

Notes:

- (1) This reflects date of appointment of such individual as a director of EcoSynthetix U.S.
- (2) Mr. van Leeuwen is an investment advisor to Lions Investment Ltd. Mr. van Leeuwen does not beneficially own, or control or direct, directly or indirectly, the Common Shares held by Lions Investment Ltd. For further details on the ownership of Lions Investment Ltd please refer to pages 11-12.
- (3) Calculated using the closing price of the Common Shares on the TSX on December 31, 2012 of US\$3.41 (C\$3.45).

Cease Trade Orders, Bankruptcies, Penalties and Sanctions

No proposed director of the Company is, or within ten years prior to the date hereof has been, a director, chief executive officer or chief financial officer of any company (including the Company) that, (i) was subject to a cease trade order, an order similar to a cease trade order or an order that denied the relevant company access to any exemption under securities legislation, that was in effect for a period of more than 30 consecutive days, that was issued while the proposed director was acting in the capacity as director, chief executive officer or chief financial officer; or (ii) was subject to a cease trade order, an order similar to a cease trade order or an order that denied the relevant company access to any exemption under securities legislation, that was in effect for a period of more than 30 consecutive days, that was issued after the proposed director ceased to be a director, chief executive officer or chief financial officer and which resulted from an event that occurred while that person was acting in the capacity as director, chief executive officer or chief financial officer.

No proposed director of the Company (i) is, or within ten years prior to the date hereof has been, a director or executive officer of any company (including the Company) that, while that person was acting in that capacity, or within a year of that person ceasing to act in that capacity, became bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or was subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold its assets; or (ii) has, within ten years prior to the date hereof, become bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency, or become subject to or instituted any proceedings, arrangement or compromise with creditors, or had a receiver, receiver manager or trustee appointed to hold the assets of the proposed director.

No proposed director has been subject to (i) any penalties or sanctions imposed by a court relating to securities legislation or by a securities regulatory authority or has entered into a settlement agreement with a securities regulatory authority; or (ii) any other penalties or sanctions imposed by a court or

regulatory body that would likely be considered important to a reasonable shareholder in deciding whether to vote for a proposed director.

DIRECTOR COMPENSATION

The philosophy and benchmarking with respect to director compensation is the same as for executive compensation, as discussed at “Statement of Executive Compensation” on page 35. The objectives of the Company’s compensation program for directors are to attract, retain and inspire performance of members of the Board of a quality and nature that will enhance the sustainable profitability and growth of the Company. The compensation is intended to provide an appropriate level of remuneration considering the experience, responsibilities, time requirements and accountability of their roles. The Compensation Committee believes that the compensation policy and its principles provide for competitive and reasonable compensation levels.

Standard Compensation Arrangements

The following table sets forth the annual retainers and fee structure for the directors for the financial year ended December 31, 2012:

	Amount		Individual
Non-Executive Director Annual Retainer ⁽¹⁾⁽²⁾	C\$50,000	\$49,500	Each independent director
Chairman Annual Retainer ⁽³⁾	C\$58,500	\$57,915	David Colcleugh
Chairman’s Fees	C\$27,000	\$26,730	David Colcleugh
Chair of the Audit Committee	C\$5,500	\$5,445	John E. Barker
Chair of the Compensation Committee	C\$5,500	\$5,445	John Varghese
Chair of the Corporate Governance and Nominating Committee	C\$5,500	\$5,445	Arthur Carty
Board Meeting Fee ⁽⁴⁾	C\$ 1,500	\$1,485	Each independent director

Notes:

- (1) All directors are entitled to be reimbursed for expenses incurred by them in their capacity as directors
- (2) C\$25,000 of the annual retainer is in the form of equity.
- (3) C\$33,500 of the annual retainer is in the form of equity.
- (4) Meeting fees of C\$1,500 per day for each Board or committee of the Board meeting attended, assuming a total of 15 meetings per year.

For the financial year ended December 31, 2012, an aggregate of approximately \$264,330 for director’s fees was paid in cash to the non-executive directors. Directors who are employees of the Company receive no additional compensation for serving on the Board.

The Company has developed the DSU Plan for its directors for approval of shareholders at the Meeting. See “Approval of the Deferred Share Unit Plan”.

Director Compensation Table

The following table provides information regarding compensation paid to the Company's non-executive directors for the financial year ended December 31, 2012.

Name	Fees earned (\$)	Share-based awards (\$)	Option-based awards (\$)	Non-equity incentive plan compensation (\$)	All other compensation (\$)	Total (\$)
John E. Barker	62,865	NIL	24,750	NIL	NIL	87,615
David W. Colcleugh	80,190	NIL	66,330 ⁽¹⁾	NIL	42,075 ⁽²⁾	188,595
John Varghese	62,865	NIL	24,750	NIL	NIL	87,615
Dr. Arthur Carty	58,410	NIL	24,750	NIL	NIL	83,160

Notes:

- (1) Mr. Colcleugh received a grant of options valued at \$33,165 for his role as a director and a grant of options valued at \$33,165 for his consulting role with the Company.
- (2) Mr. Colcleugh was retained as a consultant to the Company for which he receives the noted annual fee

The table below breaks down the non-executive directors' fees paid for the financial year ended December 31, 2012. Directors are also reimbursed for any expenses incurred while acting in their capacity as directors.

Name	Board Annual Retainer (\$)	Chairman/Committee Chair Retainer (\$)	Aggregate Board Attendance Fee ⁽¹⁾ (\$)	Aggregate Committee Attendance Fee ⁽²⁾ (\$)	Total Fees ⁽³⁾ (\$)
John E. Barker	24,750	5,445	11,880	20,790	62,865
David W. Colcleugh	24,750	22,770	11,880	20,790	80,190
John Varghese	24,750	5,445	11,880	20,790	62,865
Dr. Arthur Carty	24,750	2,475	11,880	19,305	58,410
TOTALS	99,000	36,135	47,520	81,675	264,330

Notes:

- (1) These Board attendance fees are based on eight (8) Board meetings held during the financial year ended December 31, 2012.
- (2) These Committee attendance fees are based on fourteen (14) Committee meetings held during the financial year ended December 31, 2012
- (3) Minor expenses in the form of mileage reimbursement were compensated when requested by Board members. The total reimbursement for all directors did not exceed C\$5,000

Other Compensation Arrangements

Incentive Plan Awards

The following table provides information regarding the incentive plan awards for each non-executive director outstanding as of December 31, 2012.

Outstanding Share-Based Awards and Option-Based Awards

Name	Option-based Awards				Share-based Awards		
	Number of securities underlying unexercised options (#)	Option exercise price	Option expiration date	Value of unexercised in-the-money options ⁽¹⁾⁽²⁾	Number of shares or units of shares that have not vested (#)	Market or payout value of share-based awards that have not vested (\$)	Market or payout value of share-based awards not paid out or distributed
John E. Barker	24,500 24,500 24,500 12,671	0.772 0.802 1.180 3.73	October 23, 2018 August 31, 2019 August 31, 2020 August 17, 2022	183,424	NIL	NIL	NIL
David W. Colcleugh	35,000 24,500 24,500 33,958	0.772 0.802 1.180 3.73	May 14, 2018 August 31, 2019 August 31, 2020 August 17, 2022	211,108	NIL	NIL	NIL
John Varghese	12,671	3.73	August 17, 2022	NIL	NIL	NIL	NIL
Dr. Arthur Carty	12,671	3.73	August 17, 2022	NIL	NIL	NIL	NIL

Notes:

- (1) Calculated using the closing price of the Common Shares on the TSX on December 31, 2012 of C\$3.45 (US\$3.42) at the exchange rate of C\$1.00 = US\$0.99 and subtracting the exercise price of in-the-money stock options. These stock options have not been, and may never be, exercised and actual gains, if any, on exercise will depend on the value of the Common Shares on the date of exercise.
- (2) Options were issued by EcoSynthetix U.S. under predecessor plans and are governed by the Rollover Plan (as defined herein). See "Rollover Plan".

Directors' and Officers' Insurance

Directors' and Officers' Liability Insurance

The Company renewed the existing directors' and officers' liability insurance policy effective July 26, 2012. The policy provides coverage for costs incurred to defend and settle claims against directors and officers of the Company to an annual limit of \$25 million with a \$100,000 deductible per indemnifiable claim. The cost of coverage for 2012 was approximately \$87,513. Directors and officers do not pay any portion of the premiums and no claims were made or became payable in 2012.

Loans to Directors

The Company does not make personal loans or extensions of credit to its directors or executive officers. There are no loans outstanding from the Company to any of its directors or executive officers.

Retirement Policy for Directors

The Company does not have a retirement policy for its directors where directors have to retire at a certain age.

STATEMENT OF CORPORATE GOVERNANCE PRACTICES

National Policy 58-201 - *Corporate Governance Guidelines* deals with matters such as the constitution and independence of corporate boards, their functions, the effectiveness and education of board members and other items dealing with sound corporate governance practices. National Instrument 58-101 - *Disclosure of Corporate Governance Practices* requires that, if management of an issuer solicits proxies from its security holders for the purpose of electing directors, specified disclosure of its corporate governance practices must be included in its management information circular in accordance with Form 58-101F1 – *Corporate Governance Disclosure*.

The Company and the Board recognize the importance of corporate governance to the effective management of the Company and to the protection of its employees and shareholders. The Company's approach to significant issues of corporate governance is designed with a view to ensuring that the business and affairs of the Company are effectively managed so as to enhance shareholder value. The Board fulfills its mandate directly and through its committees at regularly scheduled meetings or as required. The frequency of meetings may be increased and the nature of the agenda items may be changed depending upon the state of the Company's affairs and in light of opportunities or risks which the Company faces. The directors are kept informed of the Company's operations at these meetings as well as through reports and discussions with management on matters within their particular areas of expertise.

The following is a description of the Company's corporate governance practices which has been prepared by the Corporate Governance and Nominating Committee and has been approved by the Board.

Board of Directors

Independence of the Board

Pursuant to National Instrument 52-110 - *Audit Committees* ("NI 52-110"), an independent director is one 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 judgement.

The Board has considered the relationship to the Company of each of the directors and has determined that four out of five directors, being a majority of the members of the Board, are independent within the meaning of NI 52-110. Each of John E. Barker, David W. Colcleugh, John Varghese and Dr. Arthur Carty are independent. John van Leeuwen is not independent as he is the Chief Executive Officer of the Company. The independent directors meet as a group every time there is a scheduled Board meeting. During the financial year ended December 31, 2012, the independent directors met eight times.

The following table sets out the relationship of directors to the Company.

Independent Status of Directors

<u>Name</u>	<u>Independent</u>	<u>Non-Independent</u>	<u>Reason for Non-Independent Status</u>
John E. Barker	√		
David W. Colcleugh	√		
John Varghese	√		
Dr. Arthur Carty	√		
John van Leeuwen		√	Chief Executive Officer

The Company has taken steps to ensure that adequate structures and processes are in place to permit the Board to function independently of management of the Company. To facilitate the ability of the Board to function independently of management, the following structures and processes are in place:

- an independent Chairman has been appointed;
- under the by-laws of the Company, any one director may call a meeting of the Board;

- the Chief Executive Officer's compensation is considered, in his absence, by the Compensation Committee at least once a year;
- in addition to the standing committees of the Board, independent committees may be appointed from time to time, when appropriate;
- the independent directors will meet at the end of each Board meeting without management and non-independent directors present to facilitate open and candid discussion among the independent directors; and
- any items of discussion which could involve a potential conflict of interest among one or more directors will be voted on by those directors who do not have a conflict in connection with the relevant matter.

Committees of the Board

The Board has the following three standing committees:

- the Audit Committee;
- the Compensation Committee; and
- the Corporate Governance and Nominating Committee

All of the committees are comprised of independent directors as that term is defined under the Governance Guidelines and the committees are all independent of management and report directly to the Board. From time to time, when appropriate, *ad hoc* committees of the Board may be appointed by the Board. The current membership of each standing committee of the Board is as follows:

Name of Independent Director	Audit Committee	Compensation Committee	Corporate Governance and Nominating Committee
John E. Barker	✓	✓	✓
David W. Colcleugh	N/A ⁽¹⁾	✓	✓
John Varghese	✓	✓	✓
Dr. Arthur Carty	✓	✓	✓

Notes:

(1) Mr. Colcleugh is not a member of the Audit Committee.

Meetings of the Board and Committees of the Board

During the financial year ended December 31, 2012, the Board met eight times, the Audit Committee met five times, the Compensation Committee met seven times, and the Corporate Governance and Nominating Committee met two times. The following table provides details regarding director attendance at Board and committee meetings held during such time.

Director	Board (8 meetings)		Audit Committee (5 meetings)		Compensation Committee (7 meetings)		Corporate Governance and Nominating Committee (2 meetings)	
	Number	%	Number	%	Number	%	Number	%
John van Leeuwen	8	100	5	100	7	100	2	100
John E. Barker	8	100	5	100	7	100	2	100
David W. Colcleugh	8	100	N/A ⁽¹⁾		7	100	2	100
John Varghese	8	100	5	100	7	100	2	100
Dr. Arthur Carty	8	100	5	100	6	86	2	100
Overall Attendance Rate	100%		100%		97%		100%	

Notes:

(1) Mr. Colcleugh is not a member of the Audit Committee.

The Mandate of the Board provides that the Board will have at least four scheduled meetings per year. Each committee of the Board will intend to meet at least four times each year or more frequently as deemed necessary by the applicable committee. The frequency of the meetings and the nature of the meeting agendas are dependent upon the nature of the business and affairs which the Company faces from time to time.

Independent Board/Committee Meetings

The Board's policy is to hold independent director meetings at which non-independent directors and members of management do not attend at the end of each Board meeting, and as such a total of eight independent meetings were held by the Board during the financial year ended December 31, 2012.

All of the committees are comprised of independent directors, and as such, all committee meetings are considered to be independent meetings.

Interlocking Directorships

No directors of the Company serve together as directors on the boards of other public companies. See the profile for each director under "Election of Directors" on page 13 for other public company directorships held by each director.

Board Mandate

The duties and responsibilities of the Board are to supervise the management of the business and affairs of the Company and to act with a view towards the best interests of the Company. In discharging its mandate, the Board is responsible for, among other things, the following matters:

- developing and adopting the strategic direction of the Company and, at least annually, approving a strategic plan as developed and proposed by management, which takes into account the business opportunities and risks of the Company;
- reviewing and approving the Company's financial objectives, plans and actions, including significant capital allocations and expenditures;
- monitoring corporate performance;

- identifying principal business risks and ensuring that appropriate systems are put in place to manage such risks;
- monitoring and ensuring the integrity of internal control and procedures;
- ensuring appropriate standards of corporate conduct including creating and amending the Code of Business Conduct and Ethics;
- reviewing and approving financial statements and management's discussion and analysis;
- reviewing compensation of the members of the Board;
- reviewing and approving material transactions not in the ordinary course of business and annual budgets;
- ensuring an appropriate succession plan, including the appointment, training and monitoring of senior management and members of the Board;
- approving a disclosure policy;
- developing the Company's approach to corporate governance; and
- establishing and reviewing a dividend policy for the Company.

The Board's mandate also sets forth procedures relating to the Board's operations such as the size of Board and selection process, director qualifications, director orientation and continuing education, meetings and committees, evaluations, compensation, nominations and access to independent advisors.

The Board also has the responsibility of managing the risks to the Company's business and must:

- ensure management identifies the principal risks of the Company's business and implements appropriate systems to manage these risks; and
- evaluate and assess information provided by management and others about the effectiveness of risk management systems.

The Board also has the mandate to assess the effectiveness of the Board as a whole, its committees and the contribution of individual directors. The Board discharges its responsibilities directly and through its committees, currently consisting of the Audit Committee, the Compensation Committee and the Corporate Governance and Nominating Committee.

Through the Compensation Committee, the Board is working to establish and maintain an appropriate succession plan which identifies the potential short-term and longer-term successors to the Chief Executive Officer of the Company and executive officers and other members of senior management (collectively, "**Executive Management**").

A copy of the terms of reference for the Board, setting out its mandate, responsibilities and the duties of its members is attached as Schedule "A" to this Management Information Circular and is available under the Company's profile on www.sedar.com.

Position Descriptions

Written position descriptions have been developed by the Board for the Chairman of the Board, Chairman of the Audit Committee, Chairman of the Compensation Committee, Chairman of the Corporate Governance and Nominating Committee and Chief Executive Officer. These position descriptions have been reviewed by the Corporate Governance and Nominating Committee and approved by the Board.

Chairman

The Chairman of the Board is Mr. David Colcleugh, who is considered to be an independent director. The Board has adopted a written position description for the Chairman of the Board. The Chairman is responsible for, among other things, chairing all meetings in a manner that promotes open communication, ensuring that meetings are held with appropriate frequency, that resources are available to the Board as necessary, that functions are delegated to the appropriate committees of the Board and responsibilities are understood. The Chairman is also responsible for ensuring a process is in place to assess the effectiveness of the Board (including size and composition) on an annual basis and to work with the Corporate Governance and Nominating Committee to ensure a process is in place to assess the contribution of individual directors on an annual basis. The Chairman also acts as a liaison between the Board and management of the Company and also, at the request of the Board, represents the Company to external groups such as shareholders, community groups and government.

Chief Executive Officer

The Board has adopted a written position description for the Chief Executive Officer whose primary role is to take overall supervisory and managerial responsibility for the day-to-day operations of the Company's business and manage the Company in order to achieve the goals and objectives determined by the Board in the context of the Company's strategic plan. The Chief Executive Officer's role includes, but is not limited to: (i) developing, implementing and maintaining the Company's strategic plans; (ii) developing new strategic alliances to enhance shareholder value; (iii) providing high quality leadership to staff and ensure that the Company's human resources are managed properly; (iv) ensuring communications between the Company and major stakeholders are managed in an optimum way and in accordance with applicable securities laws; (v) providing timely strategic, operational and reporting information to the Board; (vi) coordinating the preparation of an annual business plan; (vii) ensuring appropriate governance skills development and resources are made available to the Board; (viii) providing a culture of high ethics throughout the organization; and (x) taking responsibility for the administration of all of the Company's sub-areas and administrative practices.

Orientation and Continuing Education

The Board has extensive experience in the industry in which they operate. The Corporate Governance and Nominating Committee are responsible for providing continuing education opportunities to existing directors so that individual directors can maintain and enhance their abilities and ensure that their knowledge of the Company's business remains current. The Company's new directors will have the opportunity to meet with the other members of the Board in addition to management to obtain insight into the Company's business and the role of the Board and its committees. In addition, new directors will be provided with an orientation and education program which will include information about the duties and obligations of directors, the business and operations of the Company and documents from recent Board meetings.

The Board recognizes the importance of ongoing director education and the need for each director to take personal responsibility for this process. Continuing education ensures directors are advised of industry developments and emerging governance issues and requirements, and ensures directors understand issues faced within the business. The Corporate Governance and Nominating Committee will oversee ongoing education for all directors and will: (a) periodically canvas the directors to determine their training and education needs and interests; (b) arrange ongoing visitation by directors to the Company's facilities and operations; (c) arrange the funding for the attendance of directors at seminars or conferences of interest and relevance to their position as a director of the Company; and (d) encourage and facilitate presentations by outside experts to the Board or committees on matters of particular importance or emerging significance.

Ethical Business Conduct

In fulfilling its mandate and approving various decisions put forth by management, the Board ensures that the measures taken by management comply with Canadian securities regulations and other applicable legislation. Members of the Board are aware of their fiduciary duties in their capacity as directors, which

are set out in the OBCA. In exercising their powers and discharging their duties, members of the Board are required to act honestly and in good faith with a view to the best interests of the Company, and to exercise the care, diligence and skill that a reasonably prudent person would exercise in comparable circumstances.

The Board of Directors has adopted a written code of ethics entitled the “Code of Business Conduct and Ethics” (the “**Ethics Code**”), which applies to all employees, officers and directors of the Company. The purpose of the Ethics Code is to, among other things, promote honest and ethical conduct, promote legal compliance, promote the avoidance of conflicts of interest, provide mechanisms to report unethical conduct and help foster a culture of honesty and accountability for the Company. A copy of the Ethics Code is available under the Company’s profile on www.sedar.com.

The Audit Committee is responsible for compliance issues relating to the Ethics Code, which, along with the Whistleblower Policy, contains the procedures by which an individual can report actual or potential violations of the Ethics Code to the Chief Executive Officer or the Audit Committee. The Ethics Code provides that any violations of the Ethics Code by any employee, officer or director may be grounds for disciplinary action including termination of employment, office and directorship. Pursuant to the Ethics Code, directors or officers of the Company are required to disclose to the Board in writing, any conflicts of interest, or request to have entered into the minutes of meetings of the Board the nature and extent of any such interest. The fiduciary duties placed on individual directors pursuant to corporate legislation and the common law, and the conflict of interest provisions under corporate legislation which restricts an individual director’s participation in decisions of the Board in which the director has an interest, also ensure that the Board operates independently of management and in the best interests of the Company.

The Board of Directors adopted a “Corporate Disclosure, Confidentiality and Insider Trading Policy”, which is governed by the Corporate Governance and Nominating Committee, to ensure: (i) that the Company complies with timely disclosure obligations under securities laws and the regulations of the stock exchanges on which the Company’s securities are listed; (ii) the Company prevents the selective disclosure of material changes; (iii) that all communications to the public are informative, timely, factual, balanced, accurate and broadly disseminated; (iv) that persons to whom the policy applies understand their obligations to preserve the confidentiality of “undisclosed material information” (as defined in the policy); and (v) strict compliance by all insiders with all requirements relating to the reporting of insider trading and with respect to trading when in possession of material non-disclosed information. A copy of the Corporate Disclosure and Insider Trading Policy is available under the Company’s profile on www.sedar.com.

Reporting Violations or Seeking Advice

The Board has adopted a written “Whistleblower Policy” which establishes procedures for: (i) the receipt and treatment of complaints received by the Company regarding accounting, internal accounting controls, auditing matters or violations of the Code; and (ii) the submission by employees of the Company, on a confidential and anonymous basis, of concerns regarding questionable accounting, auditing matters or violations of the Code. A copy of the Whistleblower Policy is available under the Company’s profile on www.sedar.com or on the Company’s website www.ecosynthetix.com.

Investigations

Following the receipt of any complaints submitted under the Whistleblower Policy, the Audit Committee will investigate each matter so reported and shall notify the Board and the Chief Executive Officer of such investigations. If so determined, the Audit Committee will take corrective and disciplinary actions where appropriate, which may include, alone or in combination, a warning or letter of reprimand, demotion, loss of merit increase, bonus or stock options, suspension without pay or termination of employment. The Audit Committee shall retain as a part of the records of the Audit Committee any such complaints or concerns for a period of no less than seven years.

Audit Committee

The Audit Committee is to be comprised of a minimum of three directors, each of whom must at all times be financially literate and, each of whom must be independent within the meaning of NI 52-110. The primary purpose of the Audit Committee is to assist the Board in fulfilling its oversight responsibilities relating to financial accounting and reporting processes and internal controls for the Company. The external auditors report directly to the Audit Committee. The Audit Committee's primary duties and responsibilities are to:

- conduct reviews relating to the audit and financial reporting and discuss with management and the external auditors significant issues regarding accounting principles, practices and judgments of management as are deemed appropriate by the committee;
- review internal control reports, assess the adequacy of financial reporting procedures of the Company and ensure implementation of such controls and procedures;
- ensure appropriate standards of corporate conduct and, if necessary, adopt a corporate code of ethics for senior financial personnel and employees;
- review the quarterly and annual financial statements and management's discussion and analysis of the Company's consolidated financial position and operating results and report thereon to the Board for approval;
- recommend to the Board, set compensation for, monitor independence and provide oversight of, the external auditors;
- provide oversight of related party transactions entered into by the Company;
- provide oversight of any press release containing disclosure relating to financial information required to be reviewed by the Committee;
- inquire of management and the external auditors about significant risks or exposures, both internal and external, to which the Company may be subject and assessing the steps management has taken to minimize such risks or exposures; and
- establish and implement procedures in respect of complaints and submissions relating to accounting matters and the approval of non-audit services provided by the external auditors.

The Audit Committee of the Company is composed of three directors, Messrs. Barker, Varghese, and Carty each of whom is independent. Mr. Barker acts as chairman of the Audit Committee. The Audit Committee have a written charter describing the mandate of such committee. A copy of the charter of the Audit Committee is available on the Company's website at www.ecosynthetix.com.

Compensation Committee

The Compensation Committee is composed of not fewer than three directors, all of whom are required to be independent.

The Compensation Committee, among other things, may determine appropriate compensation for the Company's directors, officers and employees. The process by which appropriate compensation is determined is through periodic and annual reports to the Board from the Compensation Committee on the Company's overall compensation and benefits philosophies. The Compensation Committee's responsibilities include reviewing and recommending to the Board annually a "Statement of Executive Compensation" to be included in the Company's management information circular.

The Compensation Committee is responsible for reviewing the compensation of members of the Board to ensure that compensation realistically reflects the responsibilities and risks involved in being a director

and for reviewing the compensation of members of senior management to ensure that compensation is competitive within the industry and aligns the interests of such individual with those of the Company.

The Compensation Committee is responsible for, among other things:

- annually reviewing, approving and recommending to the Board for approval, the remuneration of the senior executives of the Company, and determining each senior executives' entitlement to be paid a bonus;
- reviewing and recommending to the Board for approval, the remuneration of directors and submitting recommendations with regard to employee benefits available to members of the Board and to senior executives;
- reviewing the Chief Executive Officer's goals and objectives for the upcoming year and providing an appraisal of such performance at the end of the year;
- meeting with the Chief Executive Officer to discuss goals, objectives, compensation and performance of other senior executive officers;
- subject to the approval of the Board, shareholder approval and regulatory approval of all stock option and incentive plans, administering such plans and determining such issues as participation, allocation of options/shares, and vesting periods;
- comparing on an annual basis the total remuneration and main components of compensation for the senior executives with the compensation practices of peers in the same industry;
- periodically reviewing bonus plans and stock option plans in light of new trends and practices in the industry; and
- reviewing and recommending to the Board of Directors for approval any special employment contracts to take effect in the event of termination of employment or change in control of the Company affecting any senior executives.

The Compensation Committee of the Company is composed of four directors, Messrs. Colcleugh, Barker, Varghese and Carty, each of whom is independent. Mr. Varghese acts as chairman of the Compensation Committee. The Compensation Committee has a written charter describing the mandate of such committee. A copy of the charter of the Compensation Committee is available on the Company's website at www.ecosynthetix.com.

Corporate Governance and Nominating Committee

The Corporate Governance and Nominating Committee, which is required to be composed entirely of independent directors, is responsible for, among other things:

- annually reviewing and revising its charter;
- reviewing with the Board, its judgment as to the quality of the Company's corporate governance and recommending changes to the Company's corporate governance practices;
- reviewing, on a periodic basis, the composition and size of the Board and the directors' relationships with regard to potential conflicts of interests, determining the independence of the members of the Board and ensuring there is an appropriate number of independent directors on the Board;
- facilitating the independent functioning of the Board and management of the Company;
- annually reviewing performance and qualification of existing directors;

- evaluating, at least once per year, the effectiveness of the Board as a whole, committees of the Board, and the contribution of individual directors, recommending where appropriate that a director be removed or not re-appointed;
- ensuring that disclosure, securities compliance and communication policies are in place;
- reviewing and recommending requests by members of the board of directors to hire any outside consultants; and
- establishing an orientation for new directors and continuing education program for current members of the Board.

Nomination of Directors

The Corporate Governance and Nominating Committee is also responsible for analyzing the needs of the Board when vacancies arise and identifying and recommending to the Board new candidates for nomination to the Board based upon:

- the competencies and skills necessary for the Board as a whole to possess;
- the competencies and skills necessary for each individual director to possess;
- the competencies and skills which each new nominee to the Board is expected to bring; and
- whether the proposed nominee to the Board will be able to devote sufficient time and resources to the Company.

The Board of Directors will determine nominees to be presented to the shareholder for election based upon the following considerations:

- the competencies and skills which the Board as a whole should possess;
- the competencies and skills which each existing director possesses; and
- the appropriate size of the Board to facilitate effective decision making.

The Corporate Governance and Nominating Committee does not set specific minimum qualifications for director positions. Instead, the Corporate Governance and Nominating Committee believes that nominations for election or re-election to the Board should be based on a particular candidate's merits, skills and the Company's needs after taking into account the current composition of the Board. When evaluating candidates annually for nomination for election, the Corporate Governance and Nominating Committee considers an individual's skills, diversity, independence from the Company, experience in areas that address the needs of the Board and ability to devote adequate time to Board duties and responsibilities. The Corporate Governance and Nominating Committee also seeks to achieve the appropriate balance of industry and business knowledge and experience, including, without limitation, expertise in the industry, expertise with respect to international regulatory and public policy issues, management and operations experience and transactional experience in light of the function and needs of the Board, as well as independence, financial expertise, public company experience, personal integrity, judgment and reputation. When a new seat or a vacated seat on the Board is being filled, candidates that appear to best fit the needs of the Board and the Company will be identified and unless such individuals are well known to the Board, they are interviewed and further evaluated with respect to this criteria by the Corporate Governance and Nominating Committee before they are presented to the Board for consideration.

The Corporate Governance and Nominating Committee regularly reviews the composition of the Board and consider the nominations of potential candidates on an as-needed basis. The Corporate Governance

and Nominating Committee will commit the time and resources necessary to seek a qualified director with particular merits, skills and expertise if an opening arises, and may consider expanding the Board if presented with a potential candidate whose skills would complement the current Board.

The Corporate Governance and Nominating Committee of the Company is composed of four directors, Messrs. Barker, Colcleugh, Varghese and Carty, each of whom is independent. Mr. Carty acts as chairman of the Corporate Governance and Nominating Committee. The Corporate Governance and Nominating Committee have a written charter describing the mandate of such committee. A copy of the charter of the Corporate Governance and Nominating Committee is available on the Company's website at www.ecosynthetix.com.

Skills Matrix

The Corporate Governance and Nominating Committee also maintains a matrix of the skill sets of the current Board members, which is reviewed on an annual basis and updated regularly and used in the nomination process as a reference tool for the ongoing assessment of Board composition to ensure that diversity is considered as new Board members are being assessed.

Board Assessments

The Board is committed to regular assessments of the effectiveness of the Board, the Chairman of the Board, the committees of the Board and the individual directors. The Corporate Governance and Nominating Committee annually reviews and make recommendations to the Board regarding evaluations of the Board, the Chairman of the Board, the committees of the Board and the individual directors. The Corporate Governance and Nominating Committee has designed a written questionnaire that is sent to each director on an annual basis to evaluate the Board as a whole, each committee, their peers and to conduct an individual self-assessment regarding each member's contribution, qualification as an independent director, as well as diversity skills and experience.

STATEMENT OF EXECUTIVE COMPENSATION

Compensation Discussion and Analysis

The Company operates in a specialized industry that requires individuals to have certain specific skills and experiences. As a result, the Company operates in a highly competitive market for executives and the attraction and retention of talented and experienced executives is one of the key objectives of EcoSynthetix's executive compensation program.

The Company's overall objective is to achieve significant growth across multiple industries and generate shareholder value while emphasizing long-term profitability. The Company is designing a compensation strategy that supports this business strategy by including performance-based incentives that reward its executives for the achievement of annual and long-term business goals.

The following discussion describes the significant elements that comprise our executive compensation program, with particular emphasis on the process for determining compensation payable to the Chief Executive Officer, the Chief Financial Officer, and, other than the Chief Executive Officer and the Chief Financial Officer, each of the three most highly compensated executive officers, or the three most highly compensated individuals acting in a similar capacity (collectively, the "**Named Executive Officers**" or "**NEOs**").

The NEOs for the financial year ended December 31, 2012 were:

- John van Leeuwen, Chief Executive Officer and Director;
- Dr. Steven Bloembergen, Executive Vice President, Technology;
- Robert Haire, Chief Financial Officer and Corporate Secretary;
- Edward van Egdorn, Senior Vice President, Market Realization and Product Manufacturing;
- Dr. Peter van Ballegoie, Vice President, Marketing & Business Development.

Compensation Governance

Role of the Compensation Committee

The Compensation Committee is established by the Board to assist the Board in fulfilling its responsibilities relating to human resources and compensation issues. The Compensation Committee will ensure that the Company has an executive compensation plan that is motivational and competitive while meeting the objectives of the Company's executive compensation program.

The Compensation Committee reviews and recommends the compensation philosophy and guidelines (a) for executive officers, for recommendation to the full Board for its consideration and approval, and (b) relating to all employees, including annual salary and incentive policies and programs, and material new benefit programs, or material changes to existing benefit programs, and is responsible for (a) reviewing the Chief Executive Officer's goals and objectives for the upcoming year and providing an appraisal of such performance at the end of the year, and (b) meeting with the Chief Executive Officer to discuss goals, objectives, compensation and performance of other senior executive officers, and subject to the approval of the Board, shareholder approval and regulatory approval of all stock option plans, administering such plans and determining such issues as participation, allocation of options, and vesting periods. The Compensation Committee is also be responsible for establishing a peer group of comparable companies and a target competitive positioning for the Company's executive compensation program.

The Compensation Committee is comprised of four independent directors. The current members of the Compensation Committee are Mr. John Varghese, Mr. John Barker, Mr. David W. Colcleugh, and Dr. Arthur Carty.

The Board will look to the past experience of each director in determining the composition of the Compensation Committee and in forming the current Compensation Committee has strived to include a range of skills when making appointments to ensure the Compensation Committee is comprised of directors that have the necessary experience to act independently and think analytically about the

Company's compensation practices. See "Election of Directors" on page 10 for a complete biography for each member of the Compensation Committee, including the skills and experiences relevant to their role on the Compensation Committee.

The Board believes the Compensation Committee collectively has the knowledge, experience and background required to fulfill its mandate. All of the members of the Compensation Committee have direct experience in both public and private sector, including substantial experience in the science and technology industry. By virtue of their experience in senior management positions and directorships and their extensive experience in public policy, governance, regulatory matters and international and domestic markets, the Compensation Committee has the depth of knowledge and the diversity of skills in order to make informed and independent decisions on compensation matters for the Company. See "Election of Directors" on page 10 for a complete biography for each member of the Compensation Committee.

Role of the Executive Officers

The Company's Chief Executive Officer and other executive officers have a role in executive compensation decisions, as follows:

- the Chief Executive Officer made recommendations to the Board regarding the Company's annual business goals and objectives, which are approved by the Board and which provide the structure by which the annual goals and objectives of other executive officers and employees throughout the Company are aligned;
- the Chief Executive Officer made recommendations to the Compensation Committee regarding executive officer base salary adjustments, target annual incentive awards and actual payouts and stock-based grants; and
- the Chief Executive Officer and other executive officers made recommendations to the Compensation Committee regarding the participation in the Company's stock-based compensation plans and amendments to such plans, as necessary.

The Chief Executive Officer does not make recommendations with respect to his compensation package.

The Compensation Committee reviews the basis for the recommendations made by the Chief Executive Officer to the Compensation Committee and can exercise its discretion in modifying any of the recommendations prior to making its recommendations to the Board.

Objectives of Compensation Program

The objectives of the Company's compensation program are to attract, retain and inspire performance of members of senior management of a quality and nature that will enhance the growth of the Company. The Board seeks to compensate executives by combining short-term cash incentives and long-term equity incentives.

Overview of How Compensation Program Fits with the Company's Total Rewards Framework

1. Attract, Retain and Motivate Key Talent

In the fall of 2012, the Board's Compensation Committee approved the Company's total rewards framework. It outlines the Company's compensation philosophy, beliefs, and policy parameters with respect to: (a) program governance, (b) external competitiveness and comparability, (c) differentiation, equity and consistency, and (d) employee participation and accountability for results.

The compensation package meets the goal of attracting, retaining and motivating key talent by offering an attractive compensation package which includes options grants and a competitive benefits package.

2. Alignment of Interest of Management with Interest of the Company's Shareholders

A portion of each executive's total direct compensation is variable or "at-risk". This "at-risk" portion of total direct compensation includes the bonus and stock option grants, the value of which is linked to

performance during the year. If the individual's or the Company's performance is less than achieving expectations as per Company and personal objectives, then "at-risk" compensation will decrease, and conversely, if the individual's or Company's performance achieves or exceeds company and personal objectives, then "at-risk" compensation will increase.

Benchmarking

The Compensation Committee believes that it is appropriate to establish compensation levels based, in large part, on benchmarking against similar companies, both in terms of compensation practices, similar revenue size (if data is available) as well as levels of compensation. The Company utilizes the service and expertise of a third party compensation consulting company to support this process and to ensure complete objectivity in confirming compensation data. In this way, the Company can gauge if its compensation is competitive in the marketplace for its talent, as well as ensure that the Company's compensation is reasonable, objective and competitive. The Compensation Committee, in conjunction with the Board and executive management, has confirmed the total rewards framework and the appropriate market comparator group for the purposes of establishing and confirming compensation practices, standards and targets. The Company's total cash compensation position for employees is up to 75% of total direct compensation (base salary, target short term incentive plan and target long term incentive) with the market median of 50% being the target for base salary for all employees.

In addition, the Company participates every two years in executive and non-executive compensation studies that are national and international in nature. Ad hoc compensation studies are conducted, on an as-needed basis to address any risk associated with attraction or employee retention issues. Further, in order to reflect market practices and compensation rates for "like organizations" for which the Company competes with or attracts talent from, the Company assesses compensation rates and practices from peer companies with annual revenue of \$20 Million up to \$500 Million. Companies such as ACCEO Solutions, Evonik Degussa, Arrow Electronics, AT&T, Avaya, Banner Pharmacaps, Canada Colours and Chemicals Limited, Dentsply, Ecolab, Eli Lilly, Hospira, IMRIS, Life Labs, Novartis Pharma Canada, Sanofi, STARS and Warner Chilcott form the comparator study group for compensation studies.

When the Company requires compensation data for positions outside of Canada, compensation studies are conducted in the appropriate region of work.

Risk Management

The Compensation Committee is responsible for ensuring the application of the compensation policy is appropriately aligned to support its stated annual objectives and encourage the right management behaviours, while avoiding excessive risk-taking by executive officers.

As discussed herein, the Company has formalized its annual incentive plan and will assess compensation risks in connection therewith. In addition, the Compensation Committee considered the Company's total rewards framework and long term incentive program design in conjunction with the 2012 performance of the Company and the personal annual 2012 performance of the Company's executives / senior managers to confirm the 2012 long term incentive award for NEOs and senior managers. The Company actively reviews enterprise risk and all relevant risk items. Risk issues are regularly reviewed and discussed with the Board of Directors; any significant risk issue related to revenue generation, expenses, corporate management team, executives, business continuity, reputational risk, customer risk, etc. are actively managed. With respect to compensation policies and practices, any relevant risk item related to executive or senior management compensation is discussed with and determined through active dialogue and agreement with the Board's Management Review and Compensation Committee and Board of Directors. The Company total rewards framework and policy clearly outlines the policy parameters, roles and accountabilities for the Board of Directors, Management Review and Compensation Committee, Chief Executive Officer, Vice President of Human Resources and Process Optimization, and executive team. At each Management Review and Compensation Committee meeting, human resources, executive performance / compensation, and health and safety issues and performance results are presented, and where necessary, tabled for discussion and decision. There were no risks identified arising from the Company's compensation policies and practices that are likely to have a material adverse effect on the Company.

The Company does not currently have a policy on whether an NEO or director is permitted to purchase financial instruments.

Elements of Executive Compensation

Each element of the Company's compensation package is developed utilizing market data and ensures that EcoSynthetix attracts, motivates and retains experienced talented senior professionals.

Guided by its total rewards framework and executive compensation objectives, the Compensation Committee used the elements set out in the table below in its executive compensation program for the financial year end. The Company does not anticipate making any significant changes to the executive compensation program during the next financial year.

Element	Description	Performance Period	Form of Compensation	Reference
FIXED				
Base Salary	Base salaries form an essential element of the Company's compensation mix as they are the base measure to compare and remain competitive relative to peer companies. Base salaries are used as the base to determine other elements of compensation and benefits.	1 year	Cash	See page 44.
VARIABLE				
Annual Performance-Based Cash Incentives	Annual performance-based cash incentives (i.e. bonuses) are designed to reward the Company's executive officers for maximizing the overall annual performance of the Company. These bonuses capture quantitative and qualitative assessments of performance.	1 year	Cash	See page 39.
Long-term Incentives	Stock options are intended to reward executive officers and select senior managers for their sustained contributions to the Company.	Vest over 4 years	Options	See page 41.
Other Compensation and Perquisites	The Company's employee benefit program includes life, medical, dental and disability insurance. Such benefits and other perquisites are designed to be competitive overall with equivalent positions in comparable Canadian and United States organizations.	--	--	--

The specific rationale for design, determination of amounts and related information regarding each of these components are outlined below for each of the NEOs included in the "Summary Compensation Table" on page 44.

Base Salary

Base salaries for executive officers are established based on the scope of their responsibilities, their prior relevant experience, and the subjective assessment of the individual NEO's experience, recent and long-term performance and expected future contribution and retention requirements. In determining base

salary, the Compensation Committee takes into account compensation paid by other companies in the industry for similar positions and the overall market demand for such executives at the time of hire.

An executive officer's base salary will also be determined by reviewing each and all of the executive officer's compensation elements, i.e. base salary, pension / RRSP, short term and long term incentives, benefits, etc. to ensure that the executive officer's total compensation is in line with the overall compensation philosophy and market practices. The Company's Chief Executive Officer will make a recommendation to the Compensation Committee regarding annual base salary for the executive officers. The Vice President, Human Resources and Process Optimization supports the Chief Executive Officer and the Compensation Committee in this process.

The Compensation Committee intends to review NEO salaries annually as part of its overall competitive market assessment, as described above. Base salaries will be reviewed annually and increased for merit reasons, based on the executive officers' success in achieving or exceeding individual annual performance objectives. Additionally, base salaries may be adjusted, as warranted throughout the year, for promotions or retention requirements, or other changes in the scope or breadth of an executive officer's role or responsibilities. Market compensation rates may also be utilized in determining base salary adjustments for increased scope of accountability.

Annual Performance-Based Cash Incentives

Bonuses are a variable element of the total compensation package. Two factors are considered when determining bonus awards for NEOs. The first is the performance achievement of the Company against a specific set of performance criteria and the second is the individual performance achievement of each NEO.

Bonus payments are awarded to executive officers, after taking into account corporate performance and individual performance as follows:

Name	Target (% of Base Salary)	Corporate Performance	Individual Performance
John van Leeuwen	60%	75%	25%
Dr. Steven Bloembergen	40%	60%	40%
Robert Haire	45%	75%	25%
Edward van Egdorn	35%	60%	40%
Dr. Peter van Ballegoie	35%	60%	40%

The awarding of bonuses is a matter that is subject to review and recommendation by the Compensation Committee and to review and approval by the Board. All awards are based on the recommendation of the Chief Executive Officer and are at the discretion of the Compensation Committee and the Board.

EcoSynthetix's short-term incentive program is based on objectively defined criteria. The Compensation Committee is satisfied that the Company's current executive compensation policies, programs and levels of compensation with respect to the annual performance-based cash incentives are aligned with the Company's performance and allow the Company to attract, motivate, and retain talented executives while adding shareholder value.

For the financial year ended December 31, 2012, the Board exercised its discretion to award bonuses based on the achievement of certain performance measures achieved during the year ended December 31, 2012. The Chief Executive Officer determined whether the Company and each NEO achieved the respective objectives and the Compensation Committee reviewed the evaluation completed by the Chief Executive Officer and made bonus recommendations to the Board.

Corporate Performance

Corporate performance was determined by evaluating the achievement of certain objective and specific annual performance measures and strategic initiatives. The corporate objectives attained were compared to the target performance for each measure. The specific annual objectives and strategic initiatives were evaluated and assessed by the Chief Executive Officer.

Objective Performance Measures

The Compensation Committee approved the following specific objective performance measures for the financial year end:

Objective	Outcome
Achievement of budgeted revenue targets	Did not meet objective
Achievement of key strategic initiatives	Met objective
Increase executive team bench strength	Met objective

In the compensation assessment, the Company's achievements were compared to the above performance objectives while also considering the significant amount of resources and effort required to increase the Company's discipline and governance as a public company following the previous year's initial public offering (IPO).

Specific Annual Objectives and Strategic Initiatives

In a review of the achievements of the Company's objectives, the Compensation Committee and Board reviewed the actual Company performance while considering the NEOs' contributions throughout the year in working to increase the governance practices and strategic readiness for the Company's future growth. In evaluating performance, the Compensation Committee specifically considered factors over which the NEOs exercised control, such as meeting budgeted revenue targets established by the Board at the beginning of the year, controlling costs, product innovation and development, improving internal practices and operations for ISO certification, improving health and safety, taking successful advantage of business opportunities and enhancing the competitive and business prospects of the Company.

For the specific annual objectives and strategic initiatives directly related to individual performance, the Chief Executive Officer recommended, and the Compensation Committee agreed, that the completion of these objectives was partially satisfied.

Individual Performance

As provided above, each Named Executive Officer's bonus is comprised of an element of individual performance in addition to the corporate performance as described above. Each NEO's bonus was determined based on the Chief Executive Officer's assessment of their achievement of personal business-oriented goals such as percentage completion of all personal annual management objectives, specific key role accountabilities, and overall contribution to the strategic growth of the company. For 2012, the individual objectives of NEOs included both quantitative measures and qualitative strategic and operational considerations related to their function. Upon evaluation and recommendation by the Chief Executive Officer to the Compensation Committee, the Compensation Committee assessed the performance of each of the NEOs against the stated goals and determined the NEOs met their personal objectives.

Bonuses Awarded

Bonuses for the financial year ended December 31, 2012 were determined and awarded on February 15, 2013 on the basis described above with respect to each NEO's performance during the financial year ended December 31, 2012.

Name of Officer	Title of Officer	Bonus Amounts (\$) ⁽¹⁾⁽²⁾
John van Leeuwen	Chairman and Chief Executive Officer and Director	66,459
Dr. Steven Bloembergen	Executive Vice President, Technology	18,900
Robert Haire	Chief Financial Officer and Corporate Secretary	35,849
Edward van Egdom	Senior Vice President, Market Realization and Product Manufacturing	46,080
Dr. Peter van Ballegoie	Vice President, Marketing & Business Development	20,281

Notes:

- (1) The bonuses awarded are based on an assessment of NEO performance from January 1, 2012 through to December 31, 2012.
- (2) The bonus amounts were paid in Canadian dollars, excluding Mr. Bloembergen who was paid in US dollars, and have been converted at the exchange rate of C\$1.00 = US\$0.99, based on the year end foreign exchange rates.

Long-Term Incentives

The Company's long-term incentive program ensures that each of the executive officers and specific senior managers work towards achieving long term Company growth objectives and increasing the Company's share performance, and, along with shareholders, benefit from the future success of the organization.

Long-term incentive awards are a variable element of compensation that will allow executive officers and certain senior managers to be recognized and rewarded for their sustained contributions to the Company. The Board believes that stock options will provide management with a strong link to long-term corporate performance and the creation of shareholder value. The Company's stock option plan (the "**2011 Plan**") allows for the grant of incentive stock options to the Company's employees, directors, senior officers and consultants. The Board does not award options according to a prescribed formula or target but instead takes into account the individual's position, scope of responsibility, ability to affect profits and the individual's historic and recent performance and the value of the awards in relation to other elements of the executive's and/or senior manager's total compensation. The Board will take previous grants of options into consideration when considering new grants of options under the 2011 Plan.

Stock Options

The 2011 Plan was approved by the Board on August 4, 2011. A copy of the 2011 Plan is available under the Company's profile on SEDAR at www.sedar.com.

The 2011 Plan is administered by the Compensation Committee which makes recommendations to the Board, which the Board will then approve, and allows for the grant of incentive stock options to the Company's employees, directors, senior officers and consultants.

Under the 2011 Plan, the aggregate number of Common Shares reserved for issuance to all participants pursuant to the 2011 Plan and any other share compensation arrangement (other than the Rollover Plan (as defined below)) shall not exceed 10% of the issued and outstanding Common Shares at the time of the grant. As a result, any increase in the issued and outstanding Common Shares will result in an increase in the available number of the Common Shares issuable under the 2011 Plan. The aggregate number of Common Shares reserved for issuance under the 2011 Plan and any other share compensation arrangement to insiders of the Company shall not exceed 10% of the Common Shares outstanding from time to time. The aggregate number of Common Shares issued upon exercise of the options granted under the 2011 Plan and any other share compensation arrangement to insiders of the Company within a one-year period shall not exceed 10% of the Common Shares then outstanding.

Unless otherwise determined by the Board, options will vest at a percentage rate of 25% of the initial grant per year over four years at each anniversary of the date of the grant. Options granted under the 2011 Plan are non-assignable and will have an exercise price determined and approved by the Board at the time the option is granted, but in any event shall not be less than market value, being the weighted average trading price of a Common Share on the TSX for the five business days immediately prior to the date of grant.

Subject to any accelerated termination, options expire no later than 10 years after the date of grant unless the expiry date falls within a black-out period or within nine business days after the end of such black-out period, in which case such expiration date will be automatically extended without any further act or formality to that date which is the tenth business day after the end of such black-out period.

Unless otherwise determined by the Board in its discretion at any time prior to or after the following events and in any option agreement, the right to exercise vested options granted pursuant to the 2011 Plan will expire on the earliest to occur of the following: (a) 10 years from the date of grant, (b) 365 days from the date of the optionee's death, (c) 90 days from the date of termination of the optionee's employment or term in office other than for cause or voluntary resignation, and (d) immediately, in the case of termination of the optionee's employment or term in office for cause. For greater certainty, any options that were not exercisable at the time of occurrence of events contemplated above immediately expire and are cancelled on such date.

The Board may permit the exercise of any or all options, notwithstanding the vesting schedule set forth in such option subject to the 10 year expiry period or permitted extension. Except as otherwise set forth in any option agreement, in the event of any change of control transaction in which there is an acquiring or surviving entity, the Board may provide for substitute or replacement options of similar value from, or the assumption of outstanding options by, the acquiring or surviving entity or one or more of its subsidiaries; provided, however, that in the event of a change of control transaction the Board may also take, as to any outstanding option, any one or more of the following actions:

- provide that any or all options shall thereupon terminate, provided that any such outstanding options that have vested shall remain exercisable until consummation of such change of control;
- make any outstanding option exercisable in full; and
- terminate any Option where the exercise price of such Option is equal to or greater than the fair market value of a Common Share.

For purposes of the 2011 Plan, a change of control means the occurrence of (a) any transaction or series of related transactions, whether or not the Company is a party thereto, after giving effect to which in excess of 50% of the Company's voting power is owned directly, or indirectly through one or more entities, by any person and its affiliates or associates, or (b) a sale, lease or other disposition of all or substantially all of the assets of the Company other than in connection with an internal reorganization.

The 2011 Plan also provides that appropriate adjustments, if any, will be made by the Board in connection with a reclassification, reorganization or other change of shares, consolidation, distribution, merger or amalgamation (in each case, a "**Change in Capitalization**"), in order to maintain the optionees' economic rights in respect of their options in connection with such Change in Capitalization, including permitting the immediate exercise of any outstanding options that are not otherwise exercisable.

Subject to compliance with the applicable rules of the stock exchange, the Board may amend or terminate the 2011 Plan or any option granted thereunder at any time without obtaining the approval of shareholders of the Company, provided that such amendment shall (i) not adversely alter or impair any option previously granted and (ii) be subject to any regulatory approvals including, where required, the approval of the stock exchange.

In addition, the Board may, subject to regulatory approval, discontinue the 2011 Plan at any time without the consent of the optionees provided that such discontinuance shall not materially and adversely affect any options previously granted under the 2011 Plan.

Except as specifically provided in an option agreement approved by the Board, options granted under the 2011 Plan may only be exercised during the lifetime of the optionee by such optionee personally or by the optionee's executor or administrator following the optionee's death (except that an optionee may transfer options to a corporation in respect of which the optionee is the sole shareholder or to certain retirement savings vehicles of which the optionee is the annuitant).

Predecessor Options

In connection with the acquisition of all of the outstanding shares of common stock of EcoSynthetix U.S., all of the predecessor options previously granted under EcoSynthetix U.S.'s 2001 and 2003 stock option plans have been exchanged for rollover options issued under a stock option plan of EcoSynthetix (the "**Rollover Plan**"), such that the fair market value of the rollover options (determined as the "spread" or excess of the fair market value of a Common Share over the exercise price of the rollover option) is no greater than the fair market value of the predecessor options so exchanged (determined as the spread between the fair market value of a share of common stock of EcoSynthetix U.S. over the predecessor option exercise price). The terms of the Rollover Plan are substantially similar to the terms of the 2011 Plan, except that no further options may be granted under the Rollover Plan.

2011 Plan and Rollover Plan

The table below shows the stock options granted and available for grant under the Rollover Plan and 2011 Plan, the percentage of Common Shares that may be issued on exercise of all outstanding options under the Rollover Plan and 2011 Plan as at March 28, 2013:

	Rollover	2011 Plan
Maximum share reserve	4,765,033	5,609,836 (10% plan)
Total Options granted	4,765,033	652,090 (1.16% of outstanding Common Shares ⁽¹⁾)
Total Options available for grant	NIL	4,957,746 (8.84% of outstanding Common Shares ⁽¹⁾)
Options granted or available for grant as a percent of total outstanding Common Shares ⁽¹⁾	8.5%	10.00%

Notes:

(1) Assumes a full exercise of the put/call, resulting in outstanding Common Shares of 56,098,367, as of March 28, 2013.

The total number of options issued in 2012 as a percentage of the Common Shares outstanding as of December 31, 2012 (the "Burn Rate"):

	Rollover	2011 Plan
Options exercised during the period from January 1, 2012 to December 31, 2012	161,875	NIL
Total Common Shares that may be issued upon the exercise of outstanding Options	5,604,314	170,971
Common Shares that may be issued upon exercise of outstanding options as a percent of total outstanding Common Shares ⁽¹⁾	10.14%	0.31%
2012 Burn Rate ⁽²⁾	N/A	0.18%

Notes:

- (1) Assumes a full exercise of the put/call, resulting in outstanding Common Shares of 55,259,085, as of December 31, 2012.
 (2) The burn rate is the number of options issued under 2011 plan (99,471) for the period January 1, 2012 to December 31, 2012 expressed as a percentage of the 55,259,085 Common Shares that were issued and outstanding as at December 31, 2012 assuming full exercise of the put/call.

Retirement Benefits

The NEOs do not participate in any defined benefit pension plan, defined contribution plan or deferred compensation plan of the Company, excluding Mr. Bloembergen who participates in the Company's 401(k) program for United States corporate employees.

401(k) Program for United States Corporate Employees

EcoSynthetix U.S. has a 401(k) profit sharing plan that became effective on January 1, 2001, as amended, which provides retirement savings options for all eligible employees. Eligible employees and employers may make contributions towards the plan. There are four types of contributions available: (i) employee salary deferral; (ii) employee safe harbour; (iii) employee discretionary matching; and (iv) employer discretionary profit sharing. The maximum limit on the amount of contributions in 2012 is the lesser of \$50,000 or 100% of the eligible employee's annual compensation and the deferral limit is \$17,000.

Succession Planning

EcoSynthetix will develop a succession plan for its entire executive and senior management team. The Chief Executive Officer will prepare a succession planning report and will present it to the Board for each of his direct reports on the executive management team as well as other key positions in the Company. The Board will be responsible for:

- (a) ensuring there is an orderly succession plan for the position of Chief Executive Officer;
- (b) reviewing and approving the Chief Executive Officer's succession planning report for each of his direct reports;
- (c) ensuring the succession plan includes a process that would respond to an emergency situation which required an immediate replacement of the incumbent Chief Executive Officer or any of his direct reports; and
- (d) ensuring that the Chief Executive Officer has a succession planning process in place for other members of senior management in key positions.

The Board will ensure that there are opportunities for directors to get to know the employees who have been identified as potential executives and/or senior managers. They will make presentations to the Board and will be invited to Company functions where they can interact with the Board on an informal basis.

Summary Compensation Table

The following table provides information for the financial year ended December 31, 2012 and the period from August 4, 2011 to December 31, 2011 regarding compensation earned by the Named Executive Officers.

Salaries for the Named Executive Officers are paid in Canadian dollars and converted to United States dollars for reporting purposes in the Summary Compensation Table for the financial year end December 31, 2012 at the exchange rate of C\$1.00 = US\$0.99 and for the period from August 4, 2011 to December 31, 2011 at the exchange rate of C\$1.00 = US\$0.98.

Name and principal position	Year	Salary (\$) ⁽¹⁾	Share-based awards (\$)	Option-based awards (\$) ⁽¹⁾	Non-equity incentive plan compensation (\$)		All other compensation (\$)	Total compensation (\$)
					Annual incentive plans	Long-term incentive plans		
John van Leeuwen Chief Executive Officer and Director	2012	402,782 ⁽²⁾	N/A	352,031 ⁽⁶⁾	66,459	N/A	100,696	921,968
	2011	373,648 ⁽²⁾	N/A	528,045	94,002	N/A	108,161	1,103,856
Dr. Steven Bloembergen Executive Vice President, Technology	2012	210,481 ⁽³⁾	N/A	143,513 ⁽⁴⁾⁽⁶⁾	18,900	N/A	112,000 ⁽⁴⁾	484,894
	2011	200,000	N/A	105,609	30,600	N/A	N/A	336,209
Robert Haire Chief Financial Officer and Corporate Secretary	2012	254,925	N/A	93,812 ⁽⁶⁾	35,849	N/A	75,611	460,197
	2011	245,821	N/A	264,023	102,016	N/A	73,255	685,115
Edward van Egdorn Senior Vice President, Market Realization and Product Manufacturing	2012	213,445	N/A	44,018 ⁽⁶⁾	46,080	N/A	70,043	373,586
	2011	196,657	N/A	105,609	53,097	N/A	60,946	416,309
Dr. Peter van Ballegooie Vice President, Marketing & Business Development	2012	175,388	N/A	31,360 ⁽⁶⁾	20,281	N/A	5,262	227,029
	2011	133,095 ⁽⁵⁾	N/A	95,319	23,116	N/A	_____	251,530
Total 2012 Compensation:		1,257,021	N/A	664,734	187,569	N/A	358,350	2,467,674

Notes:

- (1) These amounts represent the value of stock options granted to the respective Named Executive Officer. The methodology used to calculate these amounts was the Black-Scholes model as is permitted under International Financial Reporting Standards. This is consistent with the accounting values used in the Company's financial statements. The key assumptions used under the Black-Scholes model that were used for the share option awards in the table above were as follows: (i) Risk-free interest rate: 1.2% to 2.2% (ii) Expected option life: 5 years, (iii) Expected volatility: 50% to 70%, and (iv) Dividend yield: Nil%. The dollar amount in this column represents the total value ascribed to the stock options. See "Stock Options" on page 34
- (2) Mr. van Leeuwen does not receive any compensation for his role as a director of the Company.
- (3) On October 1, 2012 Mr. Bloembergen entered into a new employment agreement with EcoSynthetix Ltd at which time his salary increased from \$200,000/year to \$225,000/year
- (4) Upon Mr. Bloembergen's execution of his new employment agreement, he received a grant of options equivalent to \$100,000 and a \$100,000 bonus.
- (5) At the time of disclosure for 2011, Mr. van Ballegooie had been with the company for 9.5 months and his salary disclosure was pro-rated to reflect the shorter time period.
- (6) Option based awards granted on March 7, 2013 under the 2012 fiscal year Employee Long Term Incentive Program. Grant date fair value of stock option grants is based on the Black-Scholes valuation methodology.

Incentive Plan Awards

The following table provides information regarding the incentive plan awards for each Named Executive Officer outstanding as of December 31, 2012.

Outstanding Share-Based Awards and Option-Based Awards

Name	Option-based Awards				Share-based Awards		
	Number of securities underlying unexercised options (#)	Option exercise price (\$)	Option expiration date ⁽¹⁾	Value of unexercised in-the-money options (\$) ⁽²⁾	Number of shares or units of shares that have not vested (#)	Market or payout value of share-based awards that have not vested (\$)	Market or payout value of share-based awards not paid out or distributed (\$)
John van Leeuwen	768,502	0.08	November 8, 2015	2,563,953	-	NIL	NIL
	875,000	0.08	November 8, 2015	2,919,263	-		
	112,000	0.81	August 31, 2019	292,654	21,000		
	635,950	0.81	August 31, 2019	1,661,725	119,241		
	350,000	2.49	January 9, 2021	325,223	196,875		
Dr. Steven Bloembergen	405,286	0.08	March 31, 2013	1,352,156	-	NIL	NIL
	262,500	0.08	November 8, 2020	875,779	-		
	35,000	0.81	August 31, 2019	91,454	-		
	70,000	2.49	January 9, 2021	65,045	39,375		
	60,195	3.35	June 15, 2020	4,172	60,195		
Robert Haire	400,050	0.79	May 14, 2018	1,054,716	-	NIL	NIL
	175,000	2.49	January 9, 2021	162,611	98,438		
Edward van Egdom	118,209	0.08	March 31, 2013	394,380	-	NIL	NIL
	379,750	0.08	January 1, 2014	1,266,960	-		
	25,200	0.81	August 31, 2019	65,847	4,725		
	70,000	2.49	January 9, 2021	65,045	39,375		
Dr. Peter van Ballegooie	63,000	2.49	March 12, 2021	58,540	35,438	NIL	NIL

Notes:

- (1) As a private company, EcoSynthetix U.S. granted certain stock options with terms of greater than five years. These options are now governed by the Rollover Plan. Options granted under the 2011 Plan expire on the tenth anniversary of the date of grant
- (2) Calculated using the closing price of the Common Shares on the TSX on December 31, 2012 of C\$3.45 (US\$3.41) and subtracting the exercise price of in-the-money stock options. These stock options have not been, and may never be, exercised and actual gains, if any, on exercise will depend on the value of the Common Shares on the date of exercise.

During the year ended December 31, 2012, none of the options granted to the NEOs under the 2011 Plan vested.

SECURITIES AUTHORIZED FOR ISSUANCE UNDER EQUITY COMPENSATION PLANS

The following table provides details of compensation plans under which equity securities of the Company are authorized for issuance as of March 28, 2013. Such compensation plans include the 2011 Plan and the Rollover Plan, however, options are no longer issuable pursuant to the Rollover Plan.

Equity Compensation Plan Information

Plan Category	Number of securities to be issued upon exercise of outstanding options, warrants and rights ⁽¹⁾	Weighted-average price of outstanding options, warrants and rights	Number of securities remaining available for future issuance under equity compensation plans ⁽²⁾
Equity compensation plans approved by securityholders	N/A	N/A	N/A
Equity compensation plans not approved by securityholders	5,778,351	C\$1.11 (\$1.10) ⁽³⁾	4,957,746
Total	5,778,351	C\$1.11 (\$1.10) ⁽³⁾	4,957,746

Notes:

- (1) Represents the number of Common Shares reserved for issuance upon exercise of outstanding stock options as of March 28, 2013.
- (2) Based on the maximum number of Common Shares reserved for issuance upon exercise of stock options under the current Stock Option Plan of 2011.
- (3) Converted to United States dollars at the exchange rate of C\$1.00 = US\$0.99.

Termination and Change of Control Benefits

Certain of the NEOs have entered into an employment agreement with the Company in connection with their respective appointments as executive officers which provides for severance payments as set out below.

Mr. van Leeuwen entered an employment agreement with EcoSynthetix U.S. on August 18, 2008, effective September 1, 2008. Pursuant to such agreement, the Company is entitled to terminate Mr. van Leeuwen without cause by providing notice, or pay in lieu of notice consisting of 12 months' salary plus two additional months' salary per year of service, to a maximum of 24 months inclusive of bonuses, perquisites and allowances and option grants. In addition, in the event the Company enters into negotiations for a trade sale, privatization or transfer of majority ownership of outstanding shares, Mr. van Leeuwen is entitled to receive a one-time bonus of two times annual compensation inclusive of bonuses, perquisites and allowances and option grants upon successful completion of such transaction.

Mr. Haire entered an employment agreement with EcoSynthetix U.S. on March 28, 2008, effective April 21, 2008. Pursuant to such agreement, the Company is entitled to terminate Mr. Haire without cause by providing notice, or pay in lieu of notice consisting of one month's salary per year of service, with a minimum of six months. In addition, in the event of a sale of the Company and a change of control, 50% of the then unvested portion of Mr. Haire's options held in the Company's Employee Stock Option Program (the "ESOP") will be accelerated and be deemed as earned before the first anniversary and 100% of the unvested portion of the ESOP will be accelerated after the anniversary. Following a change of control, if Mr. Haire's employment is terminated, Mr. Haire shall be entitled to one year's base salary.

Mr. Bloembergen entered into a new employment agreement with EcoSynthetix Ltd. on October 1, 2012. Pursuant to such agreement, if the Company terminates Mr. Bloembergen's employment without cause or if Mr. Bloembergen voluntarily terminates his employment for Good Reason (as defined below) within three months of the event resulting in Good Reason, the Company must continue to pay Mr. Bloembergen for the amount of time between the termination date and the date Mr. Bloembergen is hired as an employee or consultant by another entity, but such severance period shall not be less than twelve (12) months and not longer than one and a half (1.5) years salary. During such severance period, Mr.

Bloembergen shall be entitled to all benefits he was receiving prior to the termination. In addition, if, within 12 months following a Change of Control (as defined below) Mr. Bloembergen's employment is terminated without cause by the Company or Mr. Bloembergen voluntarily terminates his employment with the Company due to a material diminishment in his job responsibilities or position level, then all of the shares of capital stock subject to any option that have not vested shall automatically become fully vested as of the date of such termination. In addition, Mr. Bloembergen will receive a severance payment equal to one and a half (1.5) years of his base salary then in effect as of the date of termination. For the purposes of Mr. Bloembergen's employment agreement only, a "Change of Control" means (i) the sale, conveyance, exchange, license or other transfer of all or substantially all of Company's assets in one transaction or a series of related transactions (ii) any transaction or series of related transactions that results in any single entity becoming the beneficial owner, directly or indirectly, of fifty percent (50%) or more of the aggregate voting power of all classes of shares of the Employer; (iii) any reorganization, consolidation or merger of the Employer where the outstanding voting securities of the Employer immediately before the transaction represent or are converted into less than fifty percent (50%) of the outstanding voting power of the surviving entity (or its parent corporation) immediately after the transaction. "Good Reason" means (i) without Mr. Bloembergen's consent, a significant reduction of Mr. Bloembergen's duties, position or responsibilities relative to Mr. Bloembergen's duties, position or responsibilities in effect immediately prior to such reduction; provided, however, that a reduction in duties, position or responsibilities solely by virtue of the Company being acquired and made part of a larger entity (as, for example, when the President of the Company remains as such following an acquisition of the Company but is not made the President of the acquiring corporation) will not constitute Good Reason or (ii) without Mr. Bloembergen's consent, a more than 10% reduction by the Company of Mr. Bloembergen's base salary as in effect immediately prior to such reduction. The determination of whether Good Reason exists shall be made by the Board in good faith.

Mr. van Ballegoie entered a US employment agreement on February 11, 2011 due to his residence in the United States. On November 1, 2011 the US employment agreement was superseded by a Canadian employment agreement. Pursuant to such agreement, the Company may terminate Mr. van Ballegoie's employment in conformity with provisions of the Ontario's Employment Standards Act. Mr. van Ballegoie's employment agreement does not currently provide for a change of control.

The Compensation Committee considers and evaluates all new executive employment contracts in light of prevailing market practice with the objective to attract and retain executives. Going forward, the Company may consider adopting a policy to introduce contractual provisions that differ from those currently in use.

With regard to Mr. Haire and Mr. van Egdome's employment, as of April 1, 2013 the Company has initiated negotiations of new employment agreements with both NEOs. As of the date of this Circular, amendments relating to change of control and termination provisions have not been finalized.

Estimated Incremental Payments on Change of Control, Termination Without Cause and Other Termination

Change of Control

The following table provides details regarding the estimated incremental payments from the Company to each of John van Leeuwen, Dr. Steven Bloembergen, and Robert Haire, on a Change of Control, assuming a triggering event occurred on December 31, 2012. Payments to Dr. Bloembergen and Mr. Haire are only applicable in the event employment is terminated.

	John van Leeuwen	Robert Haire	Dr. Steven Bloembergen
Severance Entitlement	2x annual compensation, including bonus, perquisites and allowances and option grants	1x annual base salary	1.5x annual base salary
Severance Payment	2,083,492	254,925	337,500
Unvested Stock Options	N/A	91,606	65,142
TOTALS	2,083,492	346,531	402,642

Termination Without Cause

The following table provides details regarding the estimated incremental payments from the Company to each of John van Leeuwen, Dr. Steven Bloembergen, Robert Haire, on termination without cause, assuming a triggering event occurred on December 31, 2012.

	John van Leeuwen	Robert Haire	Dr. Steven Bloembergen
Severance Entitlement	1x annual compensation + 2 months for every year, including bonus, perquisites and allowances and option grants	1 month's salary per year of service (minimum 6 months)	1x to 1.5x annual salary
Severance Payment	2,104,537	233,681	337,500
Unvested Stock Options	N/A	N/A	N/A
Benefits	N/A	N/A	61,125
TOTALS	2,104,537	233,681	\$398,625

INDEBTEDNESS OF DIRECTORS AND EXECUTIVE OFFICERS

None of the Company's directors or executive officers, or former directors or executive officers, nor any associate of such individuals, is as at the date hereof, or has been, during the period from January 1, 2012 to December 31, 2012, indebted to the Company or any of its subsidiaries in connection with a purchase of securities or otherwise. In addition, no indebtedness of these individuals to another entity has been the subject of a guarantee, support agreement, letter of credit or similar arrangement or understanding of the Company or any of its subsidiaries.

INTEREST OF CERTAIN PERSONS IN MATTERS TO BE ACTED UPON

No (a) director or executive officer of the Company who has held such position at any time since the period from January 1, 2012 to December 31, 2012; (b) proposed nominee for election as a director of the Company; or (c) associate or affiliate of a person in (a) or (b) has any material interest, direct or indirect, by way of beneficial ownership of securities or otherwise, in any matter to be acted upon at the Meeting.

INTEREST OF INFORMED PERSONS IN MATERIAL TRANSACTIONS

Since the period from January 1, 2012 to December 31, 2012, no informed person of the Company, nominee for election as a director of the Company, or any associate or affiliate of an informed person or nominee, has or had any material interest, direct or indirect, in any transaction or any proposed transaction which has materially affected or will materially affect the Company or any of its subsidiaries.

ADDITIONAL INFORMATION

Additional information relating to the Company, including the Company's audited consolidated financial statements and management's discussion and analysis for the financial year ended December 31, 2012, can be found on SEDAR at www.sedar.com, or on the Company's website at www.ecosynthetic.com. Shareholders may also contact the Company at info@ecosynthetic.com or Ross Marshall, Investor Relations Contact of the Company, by phone at 416-815-0700 ext. 238 or by e-mail at marshall@equicomgroup.com to request copies of these documents free of charge.

CONTACTING THE BOARD OF DIRECTORS

Shareholders, employees and other interested parties may communicate directly with the Board by:

1. writing to: EcoSynthetic Inc.
3365 Mainway
Burlington ON L7M 1A6
2. calling: (289) 878-0286
3. emailing: info@EcoSynthetic.com

DIRECTORS' APPROVAL

The contents of this Management Information Circular and the sending thereof to the shareholders of the Company have been approved by the Board.

BY ORDER OF THE BOARD OF DIRECTORS

A handwritten signature in black ink, appearing to read "John van Leeuwen", written over a horizontal line.

John van Leeuwen
CEO

Burlington, Ontario
April 1st, 2013

SCHEDULE "A"

ECOSYNTHETIX INC.

TERMS OF REFERENCE FOR THE BOARD OF DIRECTORS

I. INTRODUCTION

- A. The EcoSynthetix Inc. ("**EcoSynthetix**" or the "**Company**") Board of directors (the "**Board**") has a primary responsibility to foster the short and long-term success of the Company and is accountable to the shareholders.
- B. The directors are stewards of the Company. The Board has the responsibility to oversee the conduct of the Company's business and to supervise management, which is responsible for the day-to-day operation of the Company. In supervising the conduct of the business, the Board, through the Chief Executive Officer (the "**CEO**") sets the standards of conduct for the Company.
- C. These terms of reference are prepared to assist the Board and management in clarifying responsibilities and ensuring effective communication between the Board and management.

II. COMPOSITION AND BOARD ORGANIZATION

- A. Nominees for directors are initially considered and recommended by the Board's Corporate Governance and Nominating Committee in conjunction with the Board Chair, approved by the entire Board and elected annually by the shareholders.
- B. A majority of directors comprising the Board must qualify as independent directors (as defined in National Instrument 58-101 *Disclosure of Corporate Governance Practices*
- C. Certain of the Board's responsibilities may be delegated to Board committees. The responsibilities of those committees will be as set forth in their terms of reference.

III. DUTIES AND RESPONSIBILITIES

A. Managing the Affairs of the Board

The Board operates by delegating certain of its authorities, including spending authorizations, to management and by reserving certain powers to itself. The legal obligations of the Board are described in Section IV. Subject to these legal obligations and to the Articles and By-laws of the Company, the Board retains the responsibility for managing its own affairs, including:

- i) annually reviewing the skills and experience represented on the Board in light of the Company's strategic direction and approving a Board composition plan recommended by the Corporate Governance and Nominating Committee;
- ii) appointing, determining the composition of and setting the terms of reference for, Board committees;
- iii) determining and implementing an appropriate process for assessing the effectiveness of the Board, the Board Chair, committees and directors in fulfilling their responsibilities;
- iv) assessing the adequacy and form of director compensation;
- v) assuming responsibility for the Company's governance practices;
- vi) establishing new director orientation and ongoing director education processes;

- vii) ensuring that the independent directors meet regularly without executive directors and management present;
- viii) setting the terms of reference for the Board; and
- ix) appointing the secretary to the Board.

B. Human Resources

The Board has the responsibility to:

- i) provide advice and counsel to the CEO in the execution of the CEO's duties;
- ii) appoint the CEO and plan CEO succession;
- iii) set terms of reference for the CEO;
- iv) annually approve corporate goals and objectives that the CEO is responsible for meeting;
- v) monitor and, at least annually, review the CEO's performance against agreed upon annual objectives;
- vi) to the extent feasible, satisfy itself as to the integrity of the CEO and other senior officers, and that the CEO and other senior officers create a culture of integrity throughout the Company;
- vii) set the CEO's compensation;
- viii) approve the CEO's acceptance of significant public service commitments or outside directorships;
- ix) approve decisions relating to senior management, including:
 - a) review senior management structure including such duties and responsibilities to be assigned to officers of the Company;
 - b) on the recommendation of the CEO, appoint and discharge the officers of the Company who report to the CEO;
 - c) review compensation plans for senior management including salary, incentive, benefit and pension plans; and
 - d) employment contracts, termination and other special arrangements with executive officers, or other employee groups.
- x) approve certain matters relating to all employees, including:
 - a) the Company's broad compensation strategy and philosophy;
 - b) new benefit programs or material changes to existing programs; and
- xi) ensure succession planning programs are in place, including programs to train and develop management.

C. Strategy and Plans

The Board has the responsibility to:

- i) adopt and periodically review a strategic planning process for the Company;

- ii) participate with management, in the development of, and annually approve a strategic plan for the Company that takes into consideration, among other things, the risks and opportunities of the business;
- iii) approve annual capital and operating budgets that support the Company's ability to meet its strategic objectives;
- iv) direct management to develop, implement and maintain a reporting system that accurately measures the Company's performance against its business plans;
- v) approve the entering into, or withdrawing from, lines of business that are, or are likely to be, material to the Company; and
- vi) approve material divestitures and acquisitions.

D. Financial and Corporate Issues

The Board has the responsibility to:

- i) take reasonable steps to ensure the implementation and integrity of the Company's internal control and management information systems;
- ii) review and approve release by management of any materials reporting on the Company's financial performance or providing guidance on future results to its shareholders and ensure the disclosure accurately and fairly reflects the state of affairs of the Company, and is in accordance with generally accepted accounting principles, including quarterly results press releases and quarterly financial statements, any guidance provided by the Company on future results, Company information circulars, annual information forms, annual reports, offering memorandums and prospectuses;
- iii) declare dividends;
- iv) approve financings, issue and repurchase of shares, issue of debt securities, listing of shares and other securities, issue of commercial paper, and related prospectuses; and recommend changes in authorized share capital to shareholders for their approval;
- v) approve the incurring of any material debt by the Company outside the ordinary course of business;
- vi) approve the commencement or settlement of litigation that may have a material impact on the Company; and
- vii) recommend the appointment of external auditors and approve auditors' fees.

E. Business and Risk Management

The Board has the responsibility to:

- i) ensure management identifies the principal risks of the Company's business and implements appropriate systems to manage these risks;
- ii) approve any plans to hedge; and
- iii) evaluate and assess information provided by management and others about the effectiveness of risk management systems.

F. Policies and Procedures

The Board has the responsibility to:

- i) approve and monitor, through management, compliance with all significant policies and procedures that govern the Company's operations;
- ii) approve and act as the guardian of the Company's corporate values, including:
 - a) approve and monitor compliance with a Code of Business Conduct and Ethics for the Company and ensure it complies with applicable legal or regulatory requirements, such as relevant securities commissions;
 - b) require management to have procedures to monitor compliance with the Code of Business Conduct and Ethics and report to the Board through the Audit Committee; and
 - c) disclosure of any waivers granted from a provision of the Code of Business Conduct and Ethics in a manner that meets or exceeds regulatory requirements.
- iii) direct management to ensure the Company operates at all times within applicable laws and regulations and to the highest ethical and moral standards; and

G. Compliance Reporting and Corporate Communications

The Board has the responsibility to:

- i) ensure the Company has in place effective communication processes with shareholders and other stakeholders and financial, regulatory and other recipients;
- ii) approve and periodically review the Company's communications policy;
- iii) ensure the Board has measures in place to receive feedback from shareholders;
- iv) approve interaction with shareholders on all items requiring shareholder response or approval;
- v) ensure the Company's financial performance is adequately reported to shareholders, other security holders and regulators on a timely and regular basis;
- vi) ensure the financial results are reported fairly and in accordance with generally accepted accounting principles;
- vii) ensure the CEO and CFO certify the Company's annual and interim financial statements, annual and interim MD&A and Annual Information Form, and that the content of the certification meets all legal and regulatory requirements;
- ix) ensure timely reporting of any other developments that have a significant and material effect on the Company; and
- x) report annually to the shareholders on the Board's stewardship for the preceding year.

IV. GENERAL LEGAL OBLIGATIONS OF THE BOARD OF DIRECTORS

A. The Board is responsible for:

- i) directing management to ensure legal requirements have been met, and documents and records have been properly prepared, approved and maintained; and
- ii) recommending changes in the Articles and By-laws, matters requiring shareholder approval, and setting agendas for shareholder meetings.

B. Ontario law identifies the following as legal requirements for the Board:

- i) act honestly and in good faith with a view to the best interests of the Company, including the duty:
 - a) to disclose conflicts of interest;
 - b) not to appropriate or divert corporate opportunities;
 - c) to maintain confidential information of the Company and not use such information for personal benefit; and
 - d) to disclose information vital to the business of the Company in the possession of a director;
- ii) exercise the care, diligence and skill that a reasonably prudent individual would exercise in comparable circumstances; and
- iii) act in accordance with the *Business Corporations Act* (Ontario) and any regulations, by-laws and unanimous shareholder agreement.

SCHEDULE "B"
ECOSYNTHETIX INC.
RESTRICTED SHARE UNIT PLAN
EFFECTIVE MAY 8, 2013

ARTICLE ONE
DEFINITIONS AND INTERPRETATION

Section 1.01 **Definitions:** For the purposes of this Plan, unless such word or term is otherwise defined herein or the context in which such word or term is used herein otherwise requires, the following words and terms with the initial letter or letters thereof capitalized shall have the following meanings:

- A. **"Act"** means the *Business Corporations Act* (Ontario), or its successor, as amended, from time to time;
- B. **"Affiliate"** means any corporation that is an affiliate of the Corporation as defined in National Instrument 45-106 – *Prospectus and Registration Exemptions*, as may be amended from time to time;
- C. **"Associate"** where used to indicate a relationship with any person or company, is as defined in the *Securities Act* (Ontario), as may be amended from time to time;
- D. **"Board"** means the Board of Directors of the Corporation;
- E. **"Change of Control"** means the occurrence of any one or more of the following events:
 - a. a consolidation, merger, amalgamation, arrangement or other reorganization or acquisition involving the Corporation or any of its Affiliates and another corporation or other entity, as a result of which the holders of Shares prior to the completion of the transaction hold less than 50% of the outstanding shares of the successor corporation after completion of the transaction;
 - b. the sale, lease, exchange or other disposition, in a single transaction or a series of related transactions, of assets, rights or properties of the Corporation and/or any of its Affiliates which have an aggregate book value greater than 50% of the book value of the assets, rights and properties of the Corporation and its Affiliates on a consolidated basis to any other person or entity, other than a disposition to a wholly-owned Affiliate in the course of a reorganization of the assets of the Corporation and its Affiliates;
 - c. a resolution is adopted to wind-up, dissolve or liquidate the Corporation;
 - d. any person, entity or group of persons or entities acting jointly or in concert (an "Acquiror") acquires or acquires control (including, without limitation, the right to vote or direct the voting) of Voting Securities which, when added to the Voting Securities owned of record or beneficially by the Acquiror or which the Acquiror has the right to vote or in respect of which the Acquiror has the right to direct the voting, would entitle the Acquiror and/or Associates and/or Affiliates of the Acquiror to cast or to direct the casting of 50% or more of the votes attached to all of the Corporation's outstanding Voting Securities which may be cast to elect directors of the Corporation or the successor corporation (regardless of whether a meeting has been called to elect directors);

- e. as a result of or in connection with: (A) a contested election of directors, or (B) a consolidation, merger, amalgamation, arrangement or other reorganization or acquisitions involving the Corporation or any of its Affiliates and another corporation or other entity, the nominees named in the most recent Management Information Circular of the Corporation for election to the Board shall not constitute a majority of the Board; or
- f. the Board adopts a resolution to the effect that a Change of Control as defined herein has occurred or is imminent.
 - i. For the purposes of the foregoing, "**Voting Securities**" means Shares and any other shares entitled to vote for the election of directors and shall include any security, whether or not issued by the Corporation, which are not shares entitled to vote for the election of directors but are convertible into or exchangeable for shares which are entitled to vote for the election of directors including any options or rights to purchase such shares or securities;
- F. "**Committee**" means the Board or, if the Board so determines in accordance with Section 2.03 of the Plan, the committee of the Board authorized to administer the Plan which includes any compensation committee of the Board;
- G. "**Corporation**" means EcoSynthetix Inc., a corporation existing under the Act, and includes any successor corporation thereof;
- H. "**Eligible Contractors**" means individuals, other than Eligible Employees, that: (i) are engaged to provide on a *bona fide* basis consulting, technical, management or other services to the Corporation or any Affiliate under a written contract between the Corporation or the Affiliate and the individual or a company of which the individual is an employee; and (ii) in the reasonable opinion of the Corporation, spend or will spend a significant amount of time and attention on the affairs and business of the Corporation or a Affiliate;
- I. "**Eligible Employees**" means the full-time employees of the Corporation or any Affiliate including officers of the Corporation or any Affiliate;
- J. "**Grant Date**" means the date that the Restricted Share Unit is granted to a Participant under the Plan, as evidenced by the Restricted Share Unit grant letter, and refers also to the date that the Restricted Share Unit is credited to the Participant which must always be in the same calendar year;
- K. "**Insider**" means: (i) an insider as defined in the *Securities Act* (Ontario), as may be amended from time to time, other than a person who is an Insider solely by virtue of being a director or senior officer of an Affiliate; and (ii) an Associate of any person who is an insider by virtue of (i);
- L. "**Market Value**" means the greater of either: (a) the weighted average trading price; or (b) the average of daily high and low board lot trading prices of the Shares on the TSX for the five (5) consecutive trading days immediately prior to the date as at which Market Value is determined. If the Shares are not trading on the TSX, then the Market Value shall be determined based on the trading price on such stock exchange or over-the-counter market on which the Shares are listed and posted for trading as may be selected for such purpose by the Committee. In the event that the Shares are not listed and posted for trading on any stock exchange or over-the-counter market, the Market Value shall be the fair market value of such Shares as determined by the Committee in its sole discretion;
- M. "**Participant**" means each Eligible Employee and Eligible Contractor to whom Restricted Share Units are granted hereunder;

- N. "**Participant's Entitlement Date**" means the date on which a Participant's Restricted Share Unit Award is fully vested;
- O. "**Plan**" means this **Restricted Share Unit Plan**, as same may be amended from time to time;
- P. "**Resignation**" means the cessation of employment of the Participant with the Corporation or an Affiliate as a result of resignation;
- Q. "**Restricted Share Unit**" means a unit credited by means of an entry on the books of the Corporation to a Participant, representing the right to receive on the Participant's Entitlement Date one fully paid Share issued from the Treasury of the Corporation for each Restricted Share Unit;
- R. "**Restricted Share Unit Award**" means an award of Restricted Share Units under the Plan to a Participant;
- S. "**Retirement**" means the Participant ceasing to be an Eligible Employee after attaining a stipulated age in accordance with the normal retirement policy or earlier with the Corporation's consent;
- T. "**Retirement Date**" means the date on which a Participant ceases to be an Eligible Employee due to the Retirement of the Participant;
- U. "**Shares**" means the common shares in the capital of the Corporation, as adjusted in accordance with the provisions of Article Five of this Plan;
- V. "**Termination**" means: (i) in the case of an Eligible Employee, the termination of the employment of the Eligible Employee with or without cause by the Corporation or an Affiliate or the cessation of employment of the Eligible Employee with the Corporation or an Affiliate, other than the Retirement of the Eligible Employee; and (ii) in the case of an Eligible Contractor, the termination of the services of the Eligible Contractor by the Corporation or any Affiliate or the Eligible Contractor; and
- W. "**TSX**" means the Toronto Stock Exchange.

Section 1.02 **Headings:** The headings of all articles, Sections, and paragraphs in the Plan are inserted for convenience of reference only and shall not affect the construction or interpretation of the Plan.

Section 1.03 **Context, Construction:** Whenever the singular or masculine are used in the Plan, the same shall be construed as being the plural or feminine or neuter or vice versa where the context so requires.

Section 1.04 **References to this Restricted Share Unit Plan:** The words "herein", "hereby", "hereunder", "hereof" and similar expressions mean or refer to the Plan as a whole and not to any particular article, Section, paragraph or other part hereof.

Section 1.05 **Canadian Funds:** Unless otherwise specifically provided, all references to dollar amounts in the Plan are references to lawful money of Canada.

ARTICLE TWO

PURPOSE AND ADMINISTRATION OF THE RESTRICTED SHARE UNIT PLAN

Section 2.01 **Purpose of the Restricted Share Unit Plan:** The Plan provides for the payment of bonuses in the form of the issuance of Shares to Participants for the purpose of advancing the interests of

the Corporation and its Affiliates through the motivation, attraction and retention of Eligible Employees and Eligible Contractors and to secure for the Corporation and the shareholders of the Corporation the benefits inherent in the ownership of Shares by Eligible Employees and Eligible Contractors, it being generally recognized that restricted share plans aid in attracting, retaining and encouraging employees due to the opportunity offered to them to acquire a proprietary interest in the Corporation.

Section 2.02 Administration of the Restricted Share Unit Plan: The Plan shall be administered by the Committee and the Committee shall have full authority to administer the Plan including the authority to interpret and construe any provision of the Plan and to adopt, amend and rescind such rules and regulations for administering the Plan as the Committee may deem necessary in order to comply with the requirements of the Plan. All actions taken and all interpretations and determinations made by the Committee in good faith shall be final and conclusive and shall be binding on the Participants and the Corporation. No member of the Committee shall be personally liable for any action taken or determination or interpretation made in good faith in connection with the Plan and all members of the Committee shall, in addition to their rights as directors of the Corporation, be fully protected, indemnified and held harmless by the Corporation with respect to any such action taken or determination or interpretation made in good faith. The appropriate officers of the Corporation are hereby authorized and empowered to do all things and execute and deliver all instruments, undertakings and applications and writings as they, in their absolute discretion, consider necessary for the implementation of the Plan and of the rules and regulations established for administering the Plan. All costs incurred in connection with the Plan shall be for the account of the Corporation.

Section 2.03 Delegation to Committee: All of the powers exercisable hereunder by the directors of the Corporation may, to the extent permitted by applicable law and as determined by resolution of the directors of the Corporation, be exercised by a committee of the Board comprised of not less than three (3) directors of the Corporation, including any compensation committee of the Board.

Section 2.04 Record Keeping: The Corporation shall maintain a register in which shall be recorded:

- (a) the name and address of each Participant;
- (b) the number of Restricted Share Units granted to each Participant; and
- (c) the number of Restricted Shares issued to each Participant.

Section 2.05 Determination of Participants and Participation: The Committee shall from time to time determine the Participants who may participate in the Plan. The Committee shall from time to time determine the Participants to whom Restricted Share Units shall be granted and the provisions and restrictions with respect to such grant, all such determinations to be made in accordance with the terms and conditions of the Plan, and the Committee may take into consideration the present and potential contributions of and the services rendered by the particular Participant to the success of the Corporation and any other factors which the Committee deems appropriate and relevant.

Section 2.06 Maximum Number of Shares:

- (a) The aggregate maximum number of Shares available for issuance from treasury under this Plan, subject to adjustment pursuant to Section 5.06, shall not exceed 1,000,000 Shares. Any Shares subject to a Restricted Share Unit which has been granted under the Plan and which has been cancelled or terminated in accordance with the terms of the Plan without the applicable Shares having been issued will again be available under the Plan.
- (b) The maximum number of Shares issuable to Insiders, at any time, pursuant to this Plan and any other security based compensation arrangements of the Corporation, is 10% of the total number of Shares then outstanding. The maximum number of Shares issued to Insiders, within any one year period, pursuant to this Plan and any other security based

compensation arrangements of the Corporation is 10% of the total number of Shares then outstanding. For purposes of this Section 2.06, the number of Shares then outstanding shall mean the number of Shares outstanding on a non-diluted basis immediately prior to the proposed grant of the applicable Restricted Share Unit.

ARTICLE THREE

RESTRICTED SHARE UNITS

Section 3.01 **Restricted Share Unit Plan:** The Plan is hereby established for Eligible Employees and Eligible Contractors.

Section 3.02 **Grant of Restricted Share Units:** A Restricted Share Unit Award granted to a particular Participant in a calendar year will be a bonus for services rendered by the Participant to the Corporation or an Affiliate, as the case may be, in the Corporation's or Affiliate's fiscal year ending in such year, as determined in the sole and absolute discretion of the Committee. The number of Restricted Share Units awarded will be credited to the Participant's account, effective as of the Grant Date.

Section 3.03 **Payment of Dividends:** Subject to the absolute discretion of the Committee, the Committee may elect to credit each Participant with additional Restricted Share Units upon the payout of dividends on the Shares. In such case, the number of additional Restricted Share Units will be equal to the aggregate amount of dividends that would have been paid to the Participant if the Restricted Share Units in the Participant's account had been Shares divided by the Market Value of a Share on the date on which dividends were paid by the Corporation.

The additional Restricted Shares Units will vest on the Participant's Entitlement Date of the particular Restricted Share Unit Award to which the additional Restricted Share Units relate.

Section 3.04 **Vesting:** A Restricted Share Unit Award granted to a Participant will entitle the Participant, subject to the Participant's satisfaction of any conditions, restrictions, vesting period or limitations imposed under the Plan or set out in the Restricted Share Unit grant letter, to receive a payment in fully paid Shares issued from the treasury of the Corporation on the date when the Restricted Share Unit Award is fully vested.

Subject to the foregoing, in the event of:

- (i) the death of the Participant, all unvested Restricted Share Units credited to the Participant will vest on the date of the Participant's death. The Shares underlying the Restricted Share Units credited to the Participant's account shall be issued to the Participant's estate as soon as administratively possible;
- (ii) the total disability of the Participant, all unvested Restricted Share Units credited to the Participant will vest within 60 days following the date on which the Participant is determined to be totally disabled, and the Shares underlying such Restricted Share Units credited to the Participant's account shall be issued to the Participant as soon as administratively possible; and
- (iii) the termination without cause of a Participant, a *pro rata* number of the unvested Restricted Share Units credited to the Participant, based on the portion of the applicable vesting period that has been completed as of the date of Termination, will vest on the date of Termination, and the Shares underlying the Restricted Share Units credited to the Participant's account shall be issued to the Participant as soon as is administratively possible.
- (iv) the Retirement of the Participant, a *pro rata* number of the unvested Restricted Share Units credited to the Participant, based on the portion of the applicable vesting period that has been completed as of the Retirement Date, will vest on the Retirement Date and the

Shares underlying the Restricted Share Units credited to the Participant's account shall be issued to the Participant as soon as administratively possible.

Section 3.05: **Redemption - Fully Paid Shares to the Participant:** Subject to Sections 3.06 and 4.01, the Corporation will satisfy its payment obligation, net of any applicable taxes and other source deductions required to be withheld by the Corporation, on the redemption of the Restricted Share Units, with the issue of fully paid Shares from the treasury of the Corporation.

Section 3.06: **No Adjustment:** For greater certainty, no amount will be paid to, or in respect of, a Participant under the Plan or pursuant to any other arrangement, and no additional Restricted Share Units will be granted to a Participant to compensate the Participant for any downward fluctuations in the Market Value of a Share nor will any other form of benefit be conferred upon, or in respect of, a Participant for such a purpose.

Section 3.07: **Restricted Share Unit Grant Letter:** Each grant of a Restricted Share Unit under the Plan shall be evidenced by a Restricted Share Unit grant letter to the Participant from the Corporation. Such Restricted Share Unit grant letter shall be subject to all applicable terms and conditions of the Plan and may include any other terms and conditions which are not inconsistent with the Plan and which the Committee deems appropriate for inclusion in a Restricted Share Unit grant letter. The provisions of the various Restricted Share Unit grant letters issued under the Plan need not be identical.

Section 3.08 **Vesting Period:** Concurrent with the determination to grant Restricted Share Units to a Participant, the Committee shall determine the vesting period applicable to such Restricted Share Units.

Section 3.09 **Eligible Employee Criteria:** The Committee shall establish criteria for the grant of Restricted Share Units to Eligible Employees and Eligible Contractors.

Section 3.10 **Resignation or Termination with Cause Prior to Vesting:** If the employment or services of the Participant is terminated prior to the Participant's Entitlement Date, for any reason other than death, disability, Retirement or termination without cause, then, except as provided for in the Restricted Share Unit grant letter or as determined by the Committee, all Restricted Share Units will be forfeited by the Participant, and be of no further force and effect, as of the date of Termination.

Section 3.11 **Change of Control:** If there is a Change of Control that results in the termination of a participant's employment without cause, all Restricted Share Units outstanding shall immediately vest on the date of such Change of Control notwithstanding any stated vesting period. In any event, upon a Change of Control, Participants shall not be treated any more favourably than shareholders of the Corporation with respect to the consideration that the Participants would be entitled to receive for their Shares.

Section 3.12 **Necessary Approvals:** The Plan shall be subject to the approval of the shareholders of the Corporation to be given by a resolution passed at a meeting of the shareholders of the Corporation and acceptance by the TSX or any regulatory authority or stock exchange having jurisdiction over the securities of the Corporation.

ARTICLE FOUR

WITHHOLDING TAXES

Section 4.01 **Withholding Taxes:** The Corporation or its Affiliates may take such steps as are considered necessary or appropriate for the withholding of any taxes which the Corporation or its Affiliate are required by any law or regulation of any governmental authority whatsoever to withhold in connection with any issuance or delivery of Shares made under this Plan including, without limiting the generality of the foregoing, the withholding of all or any portion of any issuance or delivery of shares to be made to the Participant, until such time as the Participant has paid the Corporation or its Affiliates any amount which the Corporation and its Affiliates are required to withhold with respect to such taxes. For greater certainty, immediately upon the issuance of any Shares in satisfaction of a Restricted Share Unit, the

Corporation shall be entitled to sell on behalf and for the account of the Participant a given number of Shares sufficient to cover any applicable withholding taxes and any other source deductions to be withheld by the Corporation in connection with the Participant's vested Restricted Share Units.

ARTICLE FIVE

GENERAL

Section 5.01 Effective Time of Restricted Share Unit Plan: The Plan shall be effective on May 8, 2013, shareholder approval having been received at the Corporation's annual and special meeting held on May 8, 2013. The Plan shall remain in effect until it is terminated by the Board.

Section 5.02 Amendment of Restricted Share Unit Plan: The Board or the Committee, as the case may be, may discontinue the Plan at any time without first obtaining shareholder approval, provided that, without the consent of a Participant, such discontinuance may not in any manner adversely affect the Participant's rights under any Restricted Share Unit granted under the Plan.

The Board or the Committee may, subject to receipt of requisite regulatory and shareholder approval, make the following amendments to the Plan:

- (a) amend the number of securities available under the Plan;
- (b) change the definition of "Participant" under the Plan which would have the potential of narrowing, broadening or increasing insider participation;
- (c) make amendments that may lead to significant or unreasonable dilution to the Corporation's outstanding securities, or that may provide additional benefits to Participants at the expense of the Corporation or its shareholders; or
- (d) make amendments to Section 5.03 of the Plan that would permit Restricted Share Units, or any other right or interest of a Participant under the Plan, to be assigned or transferred, other than for normal estate settlement purposes.

The Board or the Committee may, subject to receipt of requisite regulatory approval, where required, in its sole discretion make all other amendments to the Plan that are not of the type contemplated above, including, without limitation:

- (a) amendments of a housekeeping nature;
- (b) the addition or a change to the vesting provisions of a Restricted Share Unit or the Plan;
- (c) a change to the termination provisions of a Restricted Share Unit or the Plan;
- (d) amendments to reflect changes to applicable securities laws; and
- (e) amendments to ensure that the Restricted Share Units granted under the Plan will comply with any provisions respecting income tax and other laws in force in any country or jurisdiction of which a Participant to whom a Restricted Share Unit has been granted may from time to time be a resident or citizen.

Section 5.03 Non-Assignable: Except pursuant to a will or by the laws of descent and distribution, no Restricted Share Unit and no other right or interest of a Participant is assignable or transferable.

Section 5.04 Rights as a Shareholder: No holder of any Restricted Share Units shall have any rights as a shareholder of the Corporation until such time as Shares are issued in satisfaction of the Participant's Restricted Share Units. Subject to Sections 3.03 and 5.06, no holder of any Restricted

Share Units shall be entitled to receive, and no adjustment shall be made for, any dividends, distributions or any other rights declared for shareholders of the Corporation for which the record date is prior to the date on which Shares are issued in satisfaction of the Participant's Restricted Share Units.

Section 5.05 No Contract of Employment: Nothing contained in the Plan shall confer or be deemed to confer upon any Participant the right to continue in the employment of, or to provide services to, the Corporation or its Affiliates nor interfere or be deemed to interfere in any way with any right of the Corporation or its Affiliates to discharge any Participant at any time for any reason whatsoever, with or without cause. Participation in the Plan by a Participant shall be voluntary.

Section 5.06 Adjustment in Number of Shares Subject to the Restricted Share Unit Plan: In the event there is any change in the Shares, whether by reason of a stock dividend, consolidation, subdivision, reclassification or otherwise, an appropriate adjustment shall be made by the Committee in:

- (a) the number of Shares available under the Plan; and
- (b) the number of Shares subject to or underlying any Restricted Share Units.

If the foregoing adjustment shall result in a fractional Share, the fraction shall be disregarded. All such adjustments shall be conclusive, final and binding for all purposes of the Plan.

Section 5.07 Securities Exchange Take-over Bid: In the event that the Corporation becomes the subject of a take-over bid (within the meaning of the *Securities Act* (Ontario)) pursuant to which 100% of the issued and outstanding Shares are acquired by the offeror either directly or as a result of the compulsory acquisition provisions of the incorporating statute and where consideration is paid in whole or in part in equity securities of the offeror, the Committee may send notice to all holders of Restricted Share Units requiring them to surrender their Restricted Share Units, provided that:

- (a) the offeror delivers with such notice an irrevocable and unconditional offer to grant replacement restricted share rights to the holders of Restricted Share Units on the equity securities offered as consideration;
- (b) the Committee has determined, in good faith, that such replacement restricted share rights have substantially the same economic value as the Restricted Share Units being surrendered; and
- (c) the surrender of Restricted Share Units and the granting of replacement restricted share rights can be effected on a tax deferred basis under the *Income Tax Act* (Canada).

Section 5.08 No Representation or Warranty: The Corporation makes no representation or warranty as to the future market value of any Shares issued in accordance with the provisions of the Plan.

Section 5.09 Compliance with Applicable Law: If any provision of the Plan or any Restricted Share Unit contravenes any law or any order, policy, by-law or regulation of any regulatory body having jurisdiction, then such provision shall be deemed to be amended to the extent necessary to bring such provision into compliance therewith.

Section 5.10 Interpretation: This Plan shall be governed by and construed in accordance with the laws of the Province of Ontario.

SCHEDULE "C"
ECOSYNTHETIX INC.
DEFERRED SHARE UNIT PLAN
EFFECTIVE MAY 8, 2013
ARTICLE ONE
DEFINITIONS AND INTERPRETATION

Section 1.01 **Definitions:** For the purposes of the Plan, unless such word or term is otherwise defined herein or the context in which such word or term is used herein otherwise requires, the following words and terms with the initial letter or letters thereof capitalized shall have the following meanings:

- (a) **"Beneficiary"** means an individual who, on the date of a Participant's death, is the person who has been designated in accordance with the Plan and the laws applying to the Plan to receive the value of the Deferred Share Units standing to the credit of the Participant on the date of death, or where no such individual has been validly designated by the Participant, or where the individual does not survive the Participant, the Participant's legal representative;
- (b) **"Board"** means the board of directors of the Corporation;
- (c) **"Committee"** means the Board or if the Directors so determine in accordance with Section 2.03 of the Plan, the committee of the Directors authorized to administer the Plan which may include any compensation committee of the Board;
- (d) **"Common Shares"** means the shares of the Corporation;
- (e) **"Corporation"** means EcoSynthetix Inc., a corporation incorporated under the laws of the Province of Ontario;
- (f) **"Deferred Share Unit"** means the agreement by the Corporation to pay, and the right of the Participant to receive, a DSU Payment for each Deferred Share Unit held, evidenced by way of book-keeping entry in the books of the Corporation and administrated pursuant to this Plan;
- (g) **"Director"** means a member of the Board from time to time;
- (h) **"DSU Grant Date"** means the date of grant of Deferred Share Units as recommended by the Committee and confirmed by the Board from time to time;
- (i) **"DSU Grant Letter"** has the meaning ascribed thereto in Section 3.03;
- (j) **"DSU Payment"** means, subject to any adjustment in accordance with Section 5.04, the issuance to a Participant of one previously unissued Common Share for each whole Deferred Share Unit credited to such Participant;
- (k) **"Eligible Director"** means a person who is a Director or a member of the board of directors of any affiliate of the Company and who, at the relevant time, is not otherwise an employee or a consultant of the Corporation or of any affiliate, and such person shall continue to be an Eligible Director for so long as such person continues to be a member of such board(s) of directors and is not otherwise an employee or a consultant of the Corporation or of any affiliate;

- (l) **"Market Value"** means the average closing price of the Common Shares on the TSX on the five trading days immediately prior to the date as of which Market Value is determined. If the Common Shares are not trading on the TSX, then the Market Value shall be determined based on the trading price on such stock exchange or over-the-counter market on which the Common Shares are listed and posted for trading as may be selected for such purpose by the Committee on the date as of which Market Value is determined. In the event that the Common Shares are not listed and posted for trading on any stock exchange or over-the-counter market, the Market Value shall be the fair market value of such Common Shares as determined by the Committee in its sole discretion;
- (m) **"Minimum Director Share Ownership Requirement"** means the policy setting out the minimum number of Common Shares, Deferred Share Units and/or other securities or rights to acquire securities of the Corporation that an Eligible Director must attain and hold, including the time frame within which to satisfy such requirement, as may be established from time to time by the Board;
- (n) **"Participant"** means each Eligible Director to whom Deferred Share Units are issued;
- (o) **"Plan"** means this Deferred Share Unit Plan;
- (p) **"Separation Date"** means the date on which the Participant ceases to be an Eligible Director for any reason whatsoever;
- (q) **"TSX"** means the Toronto Stock Exchange; and
- (r) **"year"** means a calendar year unless otherwise specified.

Section 1.02 **Headings:** The headings of all articles, Sections, and paragraphs in the Plan are inserted for convenience of reference only and shall not affect the construction or interpretation of this Plan.

Section 1.03 **Context, Construction:** Whenever the singular or masculine are used in the Plan, the same shall be construed as being the plural or feminine or neuter or vice versa where the context so requires.

Section 1.04 **References to this Deferred Share Unit Plan:** The words "hereto", "herein", "hereby", "hereunder", "hereof" and similar expressions mean or refer to this Plan as a whole and not to any particular article, Section, paragraph or other part hereof.

Section 1.05 **Canadian Funds:** Unless otherwise specifically provided, all references to dollar amounts in the Plan are references to Canadian dollars.

ARTICLE TWO PURPOSE AND ADMINISTRATION OF THE DEFERRED SHARE PLAN

Section 2.01 **Purpose of the Deferred Share Unit Plan:** The purpose of this Plan is to strengthen the alignment of interests between the Eligible Directors and the shareholders of the Corporation by linking a portion of annual director compensation, as determined by the Committee from time to time, to the future value of the Common Shares. In addition, the Plan has been adopted for the purpose of advancing the interests of the Corporation through the motivation, attraction and retention of directors of the Corporation and its affiliates, it being generally recognized that the Plan aids in attracting, retaining and encouraging director commitment and performance due to the opportunity offered to them to receive compensation in line with the value of the Common Shares.

Section 2.02 **Administration of the Deferred Share Unit Plan:** The Plan shall be administered by the Committee and the Committee shall have full discretionary authority to administer the Plan including the authority to interpret and construe any provision of the Plan and to adopt, amend and rescind such rules and regulations for administering the Plan as the Committee may deem necessary in order to comply with the requirements of the Plan. All actions taken and all interpretations and determinations made by the Committee in good faith shall be final and conclusive and shall be binding on the Participants and the Corporation. The appropriate officers of the Corporation are hereby authorized and empowered to do all things and execute and deliver all instruments, undertakings and applications and writings as they, in their absolute discretion, consider necessary for the implementation of the Plan and of the rules and regulations established for administering the Plan. All costs incurred in connection with the Plan shall be for the account of the Corporation.

Section 2.03 **Delegation to Committee:** All of the powers exercisable hereunder by the Directors may, to the extent permitted by applicable law and as determined by resolution of the Directors, be exercised by the Committee.

Section 2.04 **Record Keeping:** The Corporation shall maintain a register in which shall be recorded:

- (a) the name and address of each Participant in the Plan;
- (b) the number of Deferred Share Units granted to each Participant under the Plan;
- (c) the number of Deferred Share Units credited to a Participant pursuant to Section 3.04 hereof;
- (d) the date on which Deferred Share Units were granted or credited to a Participant; and
- (e) the date of redemption of Deferred Shares Units.

ARTICLE THREE DEFERRED SHARE UNIT PLAN

Section 3.01 **Deferred Share Unit Plan:** A Deferred Share Unit Plan is established for Eligible Directors.

Section 3.02 **Issuance of Deferred Share Units:** Subject to the terms of this Plan and the compensation policies of the Board, a number of Deferred Share Units shall be automatically granted and issued to each Eligible Director on each DSU Grant Date, which number shall be calculated by reference to (i) the dollar amount of the Eligible Director's remuneration as a member of the Board determined by the Committee for the year that will be satisfied by such Deferred Share Units in lieu of cash, (ii) the Minimum Director Share Ownership Requirement then in effect, and (iii) the Market Value of the Common Shares on the relevant DSU Grant Date. The Committee may, subject to applicable securities laws, also make additional determinations from time to time with respect to the number of Deferred Share Units to be issued, and the DSU Grant Date of Deferred Share Units to new Eligible Directors appointed from time to time. On each DSU Grant Date, the number of Deferred Share Units so determined by the Committee shall be granted by the Corporation to such Eligible Director without any further action being required by the Committee or such Eligible Director.

Notwithstanding any of the foregoing, the Committee shall have the authority, subject to applicable securities laws, to make any special grant of Deferred Share Units to Eligible Directors, in such numbers, and at any time as the Committee will deem appropriate.

Section 3.03 **Deferred Share Unit Letter:** Each grant of Deferred Share Units under the Plan shall be evidenced by a letter of the Corporation (a "DSU Grant Letter"). Such Deferred Share Units shall be subject to all applicable terms and conditions of the Plan and may be subject to any other terms and

conditions which are not inconsistent with the Plan and which the Committee deems appropriate for inclusion in a DSU Grant Letter. The provisions of the various DSU Grant Letters entered into under the Plan need not be identical, and may vary from Participant to Participant.

Section 3.04 Dividends: In the event that a dividend (other than stock dividend) is declared and paid by the Corporation on Common Shares, a Participant will be credited with additional Deferred Share Units. The number of such additional Deferred Share Units will be calculated by dividing (a) the total amount of the dividends that would have been paid to the Participant if the Deferred Share Units standing to the Participant's account on the dividend record date had been outstanding Common Shares (and the Participant held no other Common Shares), by (b) the Market Value of a Common Share on the date on which such dividends were paid.

Section 3.05 Redemption of Deferred Share Units and Issuance of Common Shares: Upon the Separation Date for each Participant, the Corporation shall issue to such Participant one previously unissued Common Share for each outstanding whole Deferred Share Unit held by such Participant on such relevant Separation Date, less applicable statutory source deductions. Fractional Deferred Share Units shall be cancelled.

Where Deferred Share Units have been granted to a Participant with reference to his or her director remuneration for a year, in the event such Participant resigns or is otherwise no longer an Eligible Director during such year, such Deferred Share Units will only partially vest and the Participant will only be entitled to a pro-rated DSU Payment in respect of such Deferred Share Units based on the number of days such year that the Participant was an Eligible Director in such year.

Section 3.06 Maximum Number of Shares: Subject to adjustment as provided in Section 5.04 hereof, the maximum aggregate number of Common Shares that may be issued under the Plan is 500,000 Common Shares. Common Shares to be issued under the Plan will be authorized but previously unissued Common Shares from treasury.

For purposes of this Section 3.06, the number of Common Shares covered by a Deferred Share Unit grant shall be counted on the DSU Grant Date against the aggregate number of Common Shares available under the Plan, and the number of Common Shares that shall be counted against the Plan shall be equal to the number of Common Shares the Participant would be entitled to receive under Section 3.05 hereof, if the corresponding DSU Payment were made on the DSU Grant Date. If a Deferred Share Unit otherwise terminates without the issuance of any Common Shares, then the number of Common Shares counted against the aggregate number of Common Shares available under the Plan with respect to such Deferred Share Unit, to the extent of any such termination, shall again be available under the Plan.

The aggregate number of Common Shares issuable to insiders (as such term is defined under the TSX Company Manual) pursuant to Deferred Share Units and all other security-based compensation arrangements, at any time, shall not exceed 10% of the total number of Common Shares then outstanding. The aggregate number of Common Shares issued to insiders pursuant to the Plan and all other security-based compensation arrangements, within a one year period, shall not exceed 10% of the total number of Common Shares then outstanding. For purposes of this Section, the number of Common Shares then outstanding shall mean the number of Common Shares outstanding on a non-diluted basis immediately prior to the proposed grant of the applicable Deferred Share Units.

Section 3.07 Term of the Deferred Share Unit Plan: The Plan is effective as of May 8, 2013. The Plan shall remain in effect until it is terminated by the Board, subject to the requirements of the stock exchange upon which the Common Shares of the Corporation are then listed. Upon termination of the Plan, the Corporation shall issue Common Shares with respect to all remaining Deferred Share Units under Section 3.04 above, as at the applicable Separation Date for each of the remaining Participants.

ARTICLE FOUR WITHHOLDING TAXES

Section 4.01 **Withholding Taxes:** The Corporation or any of its affiliates may take such steps as are considered necessary or appropriate for the withholding of any taxes which the Corporation or any of its affiliates are required to withhold by any law or regulation of any governmental authority whatsoever, and, without limiting the generality of the foregoing, may effect such withholding through (i) the withholding of all or any portion of any payment due to the applicable Participant; or (ii) the withholding and sale, for and on behalf of the applicable Participant, of the minimum number of Common Shares to be issued under the Plan sufficient to satisfy such withholding obligation of the Corporation's or the affiliate.

ARTICLE FIVE GENERAL

Section 5.01 **Amendment of Deferred Share Unit Plan:** The Committee may from time to time in the absolute discretion of the Committee amend (without shareholder approval), modify and change the provisions of the Plan, provided that any amendment, modification or change to the provisions of the Plan which would:

- (a) materially increase the benefits of the holder under the Plan to the detriment of the Corporation and its shareholders;
- (b) increase the number of Common Shares, other than by virtue of Section 5.04 of the Plan, which may be issued pursuant to the Plan;
- (c) reduce the range of amendments requiring shareholder approval contemplated in this Section;
- (d) permit Deferred Share Units to be transferred other than for normal estate settlement purposes;
- (e) change insider participation limits which would result in shareholder approval being required on a disinterested basis; or
- (f) materially modify the requirements as to eligibility for participation in the Plan;

shall only be effective upon such amendment, modification or change being approved by the shareholders of the Corporation, if required by the TSX or any other stock exchange on which the Common Shares are listed, or any other regulatory authorities having jurisdiction over the Corporation. In addition, any such amendment, modification or change of any provision of the Plan shall be subject to the approval, if required, by any regulatory authority having jurisdiction over the securities of the Corporation.

The Board or the Committee may, subject to receipt of requisite regulatory approval, where required, in its sole discretion make all other amendments to the Plan that are not of the type contemplated above, including, without limitation:

- (a) amendments of a housekeeping nature;
- (b) a change to the termination provisions of a Deferred Share Unit or the Plan;
- (c) amendments to reflect changes to applicable securities laws; and
- (d) amendments to ensure that the Deferred Share Units granted under the Plan will comply with any provisions respecting income tax and other laws in force in any country or jurisdiction of which an Eligible Director to whom a Deferred Share Unit has been granted may from time to time be a resident or citizen.

Section 5.02 **Non-Assignable:** Except as otherwise may be expressly provided for under this Plan or pursuant to a will or by the laws of descent and distribution, no Deferred Share Unit and no other right or interest of a Participant is assignable or transferable, and any such assignment or transfer in violation of this Plan shall be null and void.

Section 5.03 **Rights as a Shareholder and Director:** No holder of any Deferred Share Units shall have any rights as a shareholder of the Corporation at any time. Nothing in the Plan shall confer on any Eligible Director the right to continue as a Director of the Corporation or as a director of any affiliate of the Corporation or interfere with right to remove such director.

Section 5.04 **Adjustment in Number of Payments Subject to the Deferred Share Unit Plan:** In the event there is any change in the Common Shares, whether by reason of a stock dividend, stock split, reverse stock split, consolidation, subdivision, reclassification or otherwise, an appropriate proportionate adjustment shall be made by the Committee with respect to the number of Deferred Share Units then outstanding under the Plan as the Committee, in its sole discretion, may determine to prevent dilution or enlargement of rights. All such adjustments, as determined by the Committee, shall be conclusive, final and binding for all purposes of the Plan.

Section 5.05 **No Representation or Warranty:** The Corporation makes no representation or warranty as to the future value of any Deferred Share Units issued in accordance with the provisions of the Plan. No amount will be paid to, or in respect of, an Eligible Director under this Plan or pursuant to any other arrangement, and no additional Deferred Share Units will be granted to such Eligible Director to compensate for a downward fluctuation in the price of the Common Shares, nor will any other form of benefit be conferred upon, or in respect of, an Eligible Director for such purpose.

Section 5.06 **Compliance with Applicable Law:** If any provision of the Plan or any Deferred Share Unit contravenes any law or any order, policy, by-law or regulation of any regulatory body having jurisdiction, then such provision shall be deemed to be amended to the extent necessary to bring such provision into compliance therewith.

Section 5.07 **Interpretation:** This Plan shall be governed by and construed in accordance with the laws of the Province of Ontario.