



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

and

Management Information Circular

April 16, 2014

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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 22, 2014 at 3:00 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, 2013 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 to approve all unallocated options under the Company’s stock option plan as more particularly described in the accompanying Management Information Circular; and
- (e) 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 Management’s Discussion & Analysis (“**MD&A**”) of the Company for the year ended December 31, 2013. 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, 2013 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 April 11, 2014 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 5:00 pm (Eastern Standard time) on May 20, 2014, 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 16th day of April, 2014

By Order of the Board of Directors

“John van Leeuwen” (signed)
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 April 11, 2014. 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 5:00 pm (Eastern Standard time) on May 20, 2014, 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, CST Trust Company (“CST”). 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 CST 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 CST 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 CST.

Q. Where do I send my completed proxy?

A. You should send your completed proxy to:

By Mail:

CST Trust Company
P. O. Box 721
Agincourt, ON
M1S 0A1

Fax: 416-368-2502 1-866-781-3111

Hand Delivery (or Courier):

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 CST; 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 20, 2014 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; and
- (c) FOR the resolution approving all unallocated options under the Company's stock option 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, CST, 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 CST. CST 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 CST, 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 721
Agincourt, ON
M1S 0A1

by fax at: 416-368-2502 or 1-866-781-3111

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 April 16, 2014

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 US\$1.00 = C\$1.03, being the average annual exchange rate for Canadian dollars in terms of United States dollars as quoted by the Bank of Canada for the year ended December 31, 2013 (the "**Annual Exchange Rate**").

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 April 11, 2014 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 5:00 pm (Eastern Standard time) on May 20, 2014, 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 5:00 pm (Eastern Standard time) on May 20, 2014, 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 herein. 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 CST Trust Company, P. O. Box 721, Agincourt, ON, M1S 0A1 or by facsimile at 416-368-2502.

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 April 11, 2014, the total issued and outstanding common shares in the capital of the Company (the “**Common Shares**”) was 50,745,593. 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 April 11, 2014. 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, 2013, 873,845 Covered Shares (representing 11% of the outstanding shares of common stock of EcoSynthetix US held by retained interest holders (the “**Retained Interest Holder**”) remain outstanding, exchangeable into 6,116,915 Common Shares of the Company. 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	24.32% ⁽³⁾
Invesco Canada Ltd	8,417,963	16.59% ⁽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 information disclosed publicly, or furnished by the principle 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 21.7% of the outstanding Common Shares.
- (4) Assuming all Retained Interest Holders, including Invesco Canada Ltd exchange their shares of common stock of EcoSynthetix U.S. for Common Shares, Invesco Canada Ltd would hold 14.8% 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, 2013 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, 2013 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 2013 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 15.

Upon recommendation from the Corporate Governance and Nominating Committee, the Board has adopted a majority voting policy in which shareholders vote for each nominee director individually by either voting "for" or "withhold". In the event that a nominee receives more "withhold" votes than "for" votes the nominee will submit his/her resignation to the Board at which time the Board will make a determination on whether to accept, or in the event of exceptional circumstances, decline. Any such decision must be made within 5 business days and will be announced by way of a press release.

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, 2013 and 2012, the following fees were paid by the Company to its independent registered chartered accountants:

<u>Type of Work</u>	<u>2013 Fees (\$)</u>	<u>2012 Fees (\$)</u>
Audit fees	\$94,955	\$96,443
Audit-related fees	\$10,925	\$8,200
Tax fees	NIL	\$6,120
All other fees	NIL	NIL
Total	\$105,880	\$ 110,763

For further information see the "Audit Committee" heading in the Company's annual information form (the "AIF") dated March 31, 2014. The AIF is available under the Company's profile at www.sedar.com.

Approval of the Unallocated Options

On August 4, 2011, the Company established a stock option plan (the "**2011 Plan**") which allows for the grant of incentive stock options to the Company's employees, directors, senior officers and consultants. A description of the 2011 Plan is set out the section entitled under "Statement of Executive Income – Bonuses Awarded – Stock Options" and a copy of the 2011 Plan is attached hereto as Schedule "B".

Pursuant to section 613 of the Toronto Stock Exchange ("**TSX**") Company Manual, unallocated options, rights or other entitlements under a security based compensation arrangement which does not have a fixed maximum aggregate of securities issuable must be approved by a majority of the issuer's directors and by the issuer's security holders every three years.

The 2011 Plan does not have a fixed number of Common Shares issuable thereunder, but permits the issuance, when combined with Common Shares issued pursuant to any other security based compensation arrangements of the Company (other than the "Rollover Plan" (as defined herein)), of up to an aggregate of 10% of the outstanding Common Shares (assuming the exercise of the put/call option) from time to time. As such, the Company is required to seek shareholder approval at the Meeting for all of the unallocated options issuable pursuant to the 2011 Plan.

Currently, 3,534,415 Common Shares (representing 6.2% of the total Common Shares currently issued and outstanding) remain available for grant under the 2011 Plan.

If approval is obtained at the Meeting, the Company will not be required to seek further approval of the grant of unallocated options under the 2011 Plan until May 22, 2017, which is the date that is three years from the date of the Meeting at which shareholder approval is being sought. If approval is not obtained at the Meeting, the Company must forthwith stop granting options under the 2011 Plan and options which are outstanding as of the date of the Meeting and are subsequently cancelled, terminated or exercised will not be available for a new grant of options; however, all options that have been granted until the Meeting but not yet exercised will continue unaffected.

At the Meeting, shareholders will be asked to consider and, if deemed appropriate, to approve, with or without variation, a resolution substantially in the form set out below (the "**Unallocated Options Resolution**"), subject to such amendments, variations or additions as may be approved at the Meeting, approving the unallocated options issuable pursuant to the 2011 Plan.

The Board recommends that shareholders vote for the Unallocated Options Resolution. To be effective, the Unallocated Options 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 instructed, the persons named in the accompanying proxy intend to vote for the Unallocated Options Resolution.

"BE IT RESOLVED THAT:

1. All unallocated options issuable pursuant to the 2011 Plan are hereby approved;
2. The Company have the ability to continue granting options under the 2011 Plan until May 22, 2017, which is the date that is three years from the date of the shareholder meeting at which shareholder approval is being sought; and
3. Any director or officer is hereby authorized to take all necessary steps and proceedings, and to execute, deliver and file any and all applications, declarations, documents and other instruments, and do all such other acts and things (whether under corporate seal of the Company or otherwise) that may be necessary or desirable to give effect to this resolution."

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 for the financial year ended December 31, 2013 and the total market value of the securities held.

	On May 14, 2012, 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 is Leadership Development Professor in the Faculty of Applied Science and Engineering. 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. He also sits on the Board of Directors for Chemtrade Logistics Income Fund and was 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 of the Board Compensation Committee Corporate Governance and Nominating Committee		100% 100% 100%		BIOX Corporation Chemtrade Logistics Income Fund
As at December 31, 2013					
Year	Common Shares Beneficially Owned, Controlled or Directed	Options	DSU	Total Market Value of Common Shares, Options and DSUs⁽³⁾	Value of Total Compensation Received:
2013	108,631	131,688	10,091	\$462,299	\$171,359

	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 in the clean tech category.					
<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:
	Board		100%		N/A
As at December 31, 2013					
Year	Common Shares Beneficially Owned, Controlled or Directed	Options	Total Market Value of Common Shares, Options and DSUs⁽³⁾	Value of Total Compensation Received:	
2013	296,660 ⁽²⁾	2,652,034	\$6,447,273	Mr. van Leeuwen does not receive compensation in his role as a director of the	

				Company (see "Executive Compensation")
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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 and Chair of the Compensation Committee for Titan Medical Inc, a TSX Venture Exchange company. Mr. Barker is a Fellow of the Society of Management Accountants of Canada.

Current Principal Occupation: Director

JOHN E. BARKER Ontario, Canada Director since: 2008 ⁽¹⁾ Independent	Committee Membership:	Attendance:	Other Public Board Memberships and Committees:
	Board Corporate Governance and Nominating Committee Audit Committee (Chair) Compensation Committee	100% 100% 100% 100%	Titan Medical Inc. (Chair of the Compensation Committee, Audit Committee)

As at December 31, 2013

Year	Common Shares Beneficially Owned, Controlled or Directed	Options	DSU	Total Market Value of Common Shares, Options and DSUs ⁽³⁾	Value of Total Compensation Received:
2013	17,500	86,171	6,728	\$190,519	\$75,728



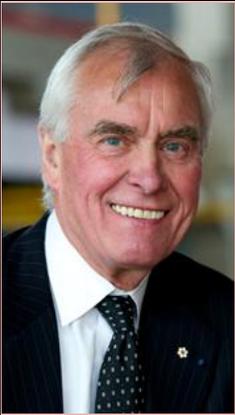
Mr. Varghese is currently President and Chief Executive Officer of JV Venture Partners Ltd. He is also Chairman of Francium Corporation (formerly Direct Media Technologies Inc.) and a member of the Advisory Board of Wellington Financial. Mr. Varghese has over 25 years of professional experience including serving on the Board of Directors of public and private companies, industry associations and not for profit organizations. Most recently, he was Executive Chairman of Renewable Energy Developers (formerly Sprott Power Inc., "SPZ.TO") and was the past Chairman of: Ventus Energy Inc., Orion Securities Inc. and MCCI Communications Inc. Previously, he was Chief Executive Officer and a co-owner of VentureLink Innovation Fund and has held senior management roles within multinational corporations including CI Financial, 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. 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.

Current Principal Occupation: President and Chief Executive Officer of JV Venture Partners Ltd.

JOHN VARGHESE Ontario, Canada Director since: 2011 Independent	Committee Membership:	Attendance:	Other Public Board Memberships and Committees:
	Board Audit Committee Compensation Committee (Chair) Corporate Governance and Nominating Committee	100% 100% 100% 100%	Francium Corporation

As at December 31, 2013

Year	Common Shares Beneficially Owned, Controlled or Directed	Options	DSU	Total Market Value of Common Shares, Options and DSUs ⁽³⁾	Value of Total Compensation Received:
2013	5,500	12,671	6,728	\$32,648	\$75,728



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 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% 100% 100% 100%	N/A

As at December 31, 2013

Year	Common Shares Beneficially Owned, Controlled or Directed	Options	DSU	Total Market Value of Common Shares, Options and DSUs ⁽³⁾	Value of Total Compensation Received:
2013	5,000	12,671	6,728	\$31,313	\$75,728

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) Total market value of equity includes the full market value of common shares, vested in-the-money stock options and DSUs less the cost to exercise the vested options. The market value of common shares and DSUs has been calculated based on the closing price of the Common Shares on the Toronto Stock Exchange ("TSX") on December 31, 2013 of C\$2.75 (US\$2.67). The market value of stock options has been calculated based on the closing price of Common Shares on the TSX on December 31, 2013 of C\$2.75 (US\$2.67) and subtracting the exercise price of in-the-money stock options.

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 31. 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, 2013:

	Amount		Individual
Non-Executive Director Annual Retainer ⁽¹⁾⁽²⁾	C\$63,000	\$61,165	Each independent director, excluding the Chairman
Chairman Annual Retainer ⁽³⁾	C\$93,000	\$90,291	David Colcleugh
Board Meeting Fee Annual Retainers ⁽⁴⁾	C\$ 15,000	\$14,563	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) Directors receive an annual meeting retainer for up to fifteen meetings.

Further, Mr. Colcleugh is on retainer as a consultant to the Company. For that role he is paid C\$67,000 (US\$65,049) of which fifty percent of the retainer is paid in options.

For the financial year ended December 31, 2013, an aggregate of approximately \$332,038 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.

A DSU Plan for the directors was approved by the Board on March 5, 2013 and approved by shareholders at the Company’s May 2013 Annual and Special meeting. To summarize, the DSU Plan provides for the award of Deferred Share Units (“**DSUs**”) to non-employee directors of the Company.

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 and confirmed by the Board. 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. 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 and 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. In the event dividends are declared and paid, additional DSUs would be credited to reflect dividends paid on the Common Shares. 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.

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.

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, 2013.

Name	Fees earned (\$)	Share-based awards (\$)⁽¹⁾	Option-based awards (\$)⁽²⁾	Non-equity incentive plan compensation (\$)	All other compensation (\$)	Total (\$)
John E. Barker	51,456	24,272	NIL	NIL	NIL	75,728
David W. Colcleugh	72,330	33,981 ⁽³⁾	32,524 ⁽³⁾	NIL	32,524 ⁽⁴⁾	171,359
John Varghese	51,456	24,272	NIL	NIL	NIL	75,728
Dr. Arthur Carty	51,456	24,272	NIL	NIL	NIL	75,728

Notes:

- (1) Represents the grant date fair value of DSUs when granted. The grant date fair value of DSU's is calculated in the following manner: DSU value = Number of DSUs granted multiplied by the weighted average trading price of a Common Share on the TSX for the five business days immediately prior to that date.
- (2) Represents the grant date fair value of options when granted. The Black-Scholes Value is based on the grant date. The Company has chosen to use the Black-Scholes model as the basis for calculating fair value of the PSOs granted as this methodology is commonly accepted by issuers. 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.
- (3) Mr. Colcleugh received a DSU grant valued at \$33,981 for his role as a director and a grant of options valued at \$32,524 for his consulting role with the Company.
- (4) Mr. Colcleugh was retained as a consultant to the Company for which he receives the noted annual fee.

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, 2013.

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	\$0.814 \$0.834 \$1.226 \$3.883	October 23, 2018 August 19, 2019 August 31, 2020 August 17, 2022	\$45,477 \$44,972 \$35,383 NIL	- - 4,061 8,323	NIL	NIL
David W. Colcleugh	35,000 24,500 24,500 33,958 13,730	\$0.814 \$0.834 \$1.226 \$3.883 \$4.913	May 14, 2018 August 31, 2019 August 31, 2020 August 17, 2022 August 7, 2023	\$64,967 \$44,972 \$35,383 NIL NIL	- - 4,061 22,305 12,357	NIL NIL \$5,865 NIL NIL	NIL
John Varghese	12,671	\$3,883	August 17, 2022	NIL	8,323	NIL	NIL
Dr. Arthur Carty	12,671	\$3,883	August 17, 2022	NIL	8,323	NIL	NIL

Notes:

- (1) Calculated using the closing price of the Common Shares on the TSX on December 31, 2013 of C\$2.75 (US\$2.67) at the Annual Exchange Rate 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 2013 was approximately \$76,510. Directors and officers do not pay any portion of the premiums and no claims were made or became payable in 2013.

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 policy mandating that its 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 without non-independent directors and management present every time there is a scheduled Board meeting.

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 National Instrument – 52-110 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

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. The Board held six meetings in the year ended December 31, 2013. All directors were in attendance for all meetings.

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. In addition, 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 MD&A;
- 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 (ix) 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 (described below), 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 MD&A 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 short-term incentive ("STI");
- 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 short-term incentive 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 has designed 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, 2013 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;
- Diane Richard, Senior Vice President, Product Innovation and Market 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. In addition, the Compensation Committee 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, (b) meeting with the Chief Executive Officer to discuss goals, objectives, compensation and performance of other senior executive officers, and (c) administering equity compensation plans and determining such issues as participation, allocation of options, and vesting periods. The Compensation Committee is also responsible for establishing a peer group of comparable companies and a target competitive position 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. In forming the current Compensation Committee the Board has strived to include a range of skills 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 13 for a complete biography for each member of the Compensation Committee.

Role of the Executive Officers

The Company's Chief Executive Officer has a role in executive compensation decisions, as follows:

- making recommendations to the Board regarding the Company's annual business goals and objectives, which are approved by the Board and provide the structure by which the annual goals and objectives of other executive officers and employees throughout the Company are aligned; and
- making recommendations to the Compensation Committee regarding executive officer base salary adjustments, target short-term incentive awards and actual payouts and stock-based grants.

In addition, the Chief Executive Officer and other executive officers make recommendations to the Compensation Committee regarding employee 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 in addition to utilizing benchmark information, and the assistance of external compensation consultants as required. The Compensation Committee can exercise its discretion in modifying any of the recommendations prior to making its recommendations to the Board. The Board considers and grants final approval for executive compensation decisions, with decisions regarding the Chief Executive Officer being made by the non-executive directors of the Board (being all Board members other than the Chief Executive Officer).

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. The Board's Compensation Committee approved the Company's total rewards framework which was implemented in 2013 and is based on concepts of market competitiveness and internal equity, taking into account the roles and responsibilities of each employee of the Company. It provides a framework for prioritizing reward program initiatives, ensures the appropriate mix and distribution of rewards for differentiated levels of performance and employee development, and reinforces the Company's commitment to employees.

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

1. Attract, Retain and Motivate Key Talent

The plan is comprised of base salary, short term incentives, long-term incentives and Company benefits. The Company's compensation package meets the goal of attracting, retaining and motivating key talent as it offers a mix of short and long term incentives that allow executives to participate in the Company's growth and provides a competitive package based on market evaluations.

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 short term incentives, the value of which is linked to performance during the year based on a series of annual Company and personal objectives that establish measurable financial, growth, operations, stakeholders and employee objectives. If an individual or Company performance falls short of achieving the expectations and objectives "at-risk" compensation will decrease, and conversely, if the individual or Company performance achieves or exceeds expectations, then "at-risk" compensation will commensurately increase.

Compensation Consultant

The Compensation Committee, from time to time, retains the services of independent advisors as needed in order to assist in fulfilling its duties. Towers Watson ("**Towers**") provided counsel to the Compensation Committee as an independent compensation advisor. on the competitiveness and appropriateness of compensation practices for the Company and its affiliates. The scope of services includes benchmarking competitive market reviews of senior executive compensation levels, review and observations of current executive compensation philosophy, policies and practices, and a review of pay and performance comparators. The Company has paid the following in fees to Towers for compensation advice.

Year End	Executive Compensation Related Fees	All Other Fees
December 31, 2013	\$54,647	NIL
December 31, 2012	\$183,342	NIL

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 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 peer group represents a sample of companies with revenue between \$20 million and \$1 billion and are classified in industries that are broadly related to EcoSynthetix' operations, including:

- 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

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 that 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 formalized its STI plan and assesses 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 2013 performance of the Company and the personal annual 2013 performance of the Company's executives and senior managers to confirm the 2013 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, Chief Financial Officer, 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. The Board believes that the design of the Company's compensation program mitigates against inappropriate risk taking. The Company has adopted practices that appropriately align compensation with the experience of shareholders, and the Company uses both objective and subjective metrics to measure performance at both the Company and individual level. In addition, compensation is comprised of both fixed and variable compensation, and includes both short-term and long-term incentives. 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 including, for greater certainty, prepaid variable forward contracts, equity swaps, collars or units of exchange funds, that are designed to hedge or offset or decrease in market value of equity securities granted as compensation or held, directly or indirectly, by the NEO or director. However, none of the Company's NEOs or Directors currently own any derivative instruments that would hedge against a decrease in value of the Company's shares.

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 by which to compare to peer companies to assess continued market competitiveness. Base salaries are used as the base to determine other elements of compensation and benefits.	1 year	Cash	See page 35.

VARIABLE				
Short-term Incentives	Short-term incentives are designed to reward the Company's executive officers for maximizing the overall annual performance of the Company. The short-term incentive captures quantitative and qualitative assessments of performance.	1 year	Cash	See page 35.
Long-term Incentives	Long-term incentives are intended to reward executive officers and select senior managers for their sustained contributions to the Company.	Vest over 4 years	Performance based Options and RSUs	See page 37.
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.

NEO base salaries are also determined by reviewing each and all of the executive officer's compensation elements, (i.e. base salary, short-term and long-term incentives, benefits, pension and RRSP, etc.) to ensure that the NEO'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 adjustments for the executive officers.

The Compensation Committee intends to review base salaries, including for NEO's, 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 NEOs' 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 NEO's role or responsibilities. Market compensation rates may also be utilized in determining base salary adjustments for increased scope of accountability.

Short-term Incentives

Short-term incentives are a variable element of the total compensation package. Two factors are considered when determining short-term incentive awards for NEOs. The first is the performance of the Company against a specific set of performance criteria, and the second is the individual performance achievement of each NEO.

Short-term incentive payouts are awarded to executive officers after taking into account corporate performance and individual performance as follows:

Name	Target (% of Base Salary)	Corporate Performance (% of Target)	Individual Performance (% of Target)
John van Leeuwen	60%	75%	25%
Dr. Steven Bloembergen	40%	60%	40%
Robert Haire	40%	75%	25%
Edward van Egdome	40%	60%	40%
Diane Richard	40%	60%	40%

Short-term incentive payouts are subject to review and recommendation by the Compensation Committee and to review and approval by the Board. All awards (other than for the Chief Executive Officer) are based on the recommendation of the Chief Executive Officer and are at the discretion of the Compensation Committee and the Board.

EcoSynthetix' short-term incentive program is based on objectively defined criteria. The Board approves the Company's corporate scorecard, which consists of a series of corporate objectives used to help determine short-term incentive payouts of NEOs and other employees of the Company. 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, 2013, the Board exercised its discretion to award short-term incentive payouts based on the achievement of certain performance measures achieved during the year ended December 31, 2013. 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 short-term incentive payout recommendations to the Board.

Performance Measures

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

Objective	Outcome
Achievement of budgeted revenue targets	Did not meet objective
Achievement of key strategic initiatives	Partially satisfied
Achievement of predetermined individual operational objectives	Satisfied

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

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 achievement of predetermined financial objectives, controlling costs and achieving operational objectives.

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.

As provided above, each NEO's short-term incentive is comprised of an element of individual performance in addition to the corporate performance and strategic initiatives as described above. For 2013, the individual objectives of NEOs included both quantitative measures and qualitative strategic and operational considerations related to their function. Each NEO's short-term incentive payout was a subjective determination based on the Chief Executive Officer's assessment of his or her 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.

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 satisfied their personal objectives.

Short-Term Incentive Payouts

Short-term incentive payouts for the financial year ended December 31, 2013 were determined and awarded on February 21, 2014 on the basis described above with respect to each NEO's performance during the financial year ended December 31, 2013.

Name of Officer	Title of Officer	Short-Term Incentive Payouts (\$) ⁽¹⁾⁽²⁾
John van Leeuwen	Chairman and Chief Executive Officer and Director	\$56,357
Dr. Steven Bloembergen	Executive Vice President, Technology	\$27,000
Robert Haire	Chief Financial Officer and Corporate Secretary	\$37,924
Edward van Egdom	Senior Vice President, Market Realization and Product Manufacturing	\$35,045
Diane Richard	Senior Vice President, Product Innovation and Market Development	NIL

Notes:

- (1) Short-term incentive payouts are based on an assessment of Company and NEO performance from January 1, 2013 through to December 31, 2013.
- (2) With the exception of Mr. Bloembergen, all short-term incentive payouts are paid in Canadian dollars and reported herein in US dollars after being converted at the Annual Exchange Rate.

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
- benefit from the future success of the organization along with shareholders.

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 performance stock options and restricted share units ("RSUs") will provide management with a strong link to long-term corporate performance and the creation of shareholder value.

The 2011 Plan allows for the grant of options to the Company's employees, directors, senior officers and consultants with vesting based on the passage of time and the achievement of substantial Company performance hurdles.

The restricted share unit plan (the “**RSU Plan**”) provides for the grant of RSUs to the Company’s NEOs and senior management team with vesting subject to Company performance and continued tenure.

The Board does not award long-term incentive awards 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 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.

RSU Plan

On March 5, 2013, the Board approved the adoption of 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 plan was approved by shareholders at the Company’s Annual and Special Meeting which occurred on May 6, 2013. A copy of the RSU Plan is available under the Company’s profile on SEDAR at www.sedar.com.

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 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 RSUs awarded will be credited to the participant’s account effective on the grant date of the RSUs. The Committee shall establish performance criteria for the grant of RSUs to eligible participants from time to time.

1,000,000 Common Shares are reserved for issuance under the RSU Plan, representing approximately 2.0% 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 RSU 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 RSU Plan;
- b) change the definition of "participant" under the RSU Plan which would have the potential of narrowing, broadening or increasing insider participation;
- c) reduce the range of amendments requiring shareholder approval;
- d) make amendments that may lead to significant or unreasonable dilution to the Company's outstanding securities, or that may provide additional benefits to participants at the expense of the Company 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 RSU 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 RSU Plan;
- c) a change to the termination provisions of an RSU or the RSU Plan;
- d) amendments to reflect changes to applicable securities laws; and
- e) amendments to ensure that the RSUs granted under the RSU 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.

The table below shows the RSUs granted and available for grant under the Plan as at April 11, 2014:

	RSU Plan
Maximum share reserve	1,000,000
Total RSUs granted	172,416
Total RSUs available for grant	827,584
RSUs granted or available for grant as a percent of total outstanding Common Shares ⁽¹⁾	1.8%

Notes:

(1) Assumes a full exercise of the put/call, resulting in outstanding Common Shares of 56,853,108, as of April 11, 2014.

Stock Options/Performance Share Options

The 2011 Plan was approved by the Board on August 4, 2011 and was amended by the Board on April 15, 2014. A copy of the 2011 Plan is available under the Company's profile on SEDAR at www.sedar.com. In accordance with the requirements of the TSX, the Company is seeking to renew the 2011 Plan at the Meeting. A copy of the 2011 Plan is attached hereto as Schedule "B".

The 2011 Plan is administered by the Compensation Committee which makes recommendations to the Board and allows for the grant of incentive stock options to the Company's employees, directors, senior officers and consultants for approval. At the discretion of the Board grant vesting may be subject to the achievement of certain performance hurdles which are established and approved by the Board. At the time of grant the Board will also establish annual revenue targets which represent the floor at which no vesting will occur. The performance measures and specific targets are reviewed annually prior to each grant.

Under the 2011 Plan, the aggregate number of Common Shares issuable 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 (assuming the exercise of the put/call option). 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 issuable 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. In addition, option grants to all non-management directors shall not exceed 1% of the outstanding Common Shares at that time; provided further that the maximum value of options which may be granted to each non-management directors shall not exceed \$100,000 in any fiscal year.

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 the 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 relevant stock exchange, and subject to the restrictions discussed below, 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.

For greater certainty, based on current TSX rules, shareholder approval is not required for the following amendments and the Board may make any changes which may include but are not limited to:

- amendments of a "housekeeping" nature;
- a change to the provisions of any option governing vesting, assignability and effect of termination of a participant's employment or cessation of a participant's directorship;
- the introduction or amendment of a cashless exercise feature payable in cash or securities;
- the addition of a form of financial assistance and any amendment to a financial assistance provision which is adopted; and
- a change to advance the date on which any option may be exercised under the 2011 Plan.

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

- any amendment to increase the number of securities issuable under the Plan;
- any amendment to the exercise price of any Option issued under the Plan where such amendment reduces the exercise price of such Option (for this purpose a cancellation or termination of an Option of a Participant prior to its expiry for the purpose of re-issuing Options to the same Participant with a lower exercise price shall be treated as an amendment to reduce the exercise price of the Option);
- any amendment of this Plan that would permit an extension beyond the original expiry date of outstanding Options;
- any change to the definition of "Participant" which would have the potential of broadening or increasing insider participation;
- any amendment to the insider and non-management Director limits in Section 3.4 of the 2011 Plan;
- any amendment to Section 3.6 of the 2011 Plan that would permit Options to be assigned or transferred, other than for normal estate settlement purposes;
- any amendment to the amending provisions of the 2011 Plan; and
- any other amendments that may lead to significant or unreasonable dilution in the Company's outstanding securities or may provide additional benefits to eligible participants, especially insiders of the Company at the expense of the Company and its existing shareholders.

For greater certainty, based on current TSX rules, the Board is also required to obtain shareholder approval to make the following amendments:

- a reduction in the exercise price or purchase price under the 2011 Plan benefiting an insider of the issuer;
- an extension of the term, under a security based compensation arrangement benefiting an insider of the issuer;
- any amendment to remove or to exceed the insider participation limit;
- an increase to the maximum number of securities issuable, either as a fixed number or a fixed percentage of the listed issuer's outstanding capital represented by such securities; and
- amendments to an amending provision within a security based compensation arrangement.

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.

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 by the Company of substantially 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 April 11, 2014:

	Rollover	2011 Plan
Maximum share reserve	4,765,033	5,685,311
Total Options granted	4,765,033	2,150,896 (3.8% of outstanding Common Shares) ⁽¹⁾
Total Options available for grant	NIL	3,534,415 (6.2% 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 56,853,108, as of April 11, 2014.

The total number of options issued in 2013 as a percentage of the Common Shares outstanding as of December 31, 2013 (the “Burn Rate”):

	Rollover	2011 Plan
Options exercised during the period from January 1, 2013 to December 31, 2013	976,028	NIL
Total Common Shares that may be issued upon the exercise of outstanding Options as at December 31, 2013.	4,586,907	1,477,374
Common Shares that may be issued upon exercise of outstanding options as a percent of total outstanding Common Shares as at December 31, 2013 ⁽¹⁾ .	8.13%	2.62%
2013 Burn Rate ⁽²⁾	N/A	2.32%

Notes:

- (1) Assumes a full exercise of the put/call, resulting in outstanding Common Shares of 56,393,383, as of December 31, 2013.
- (2) The burn rate is the number of options issued under 2011 plan (1,306,403) for the period January 1, 2013 to December 31, 2013 expressed as a percentage of the 56,393,383 Common Shares that were issued and outstanding as at December 31, 2013 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 2013 is the lesser of \$51,000 or 100% of the eligible employee’s annual compensation and the deferral limit is \$17,500.

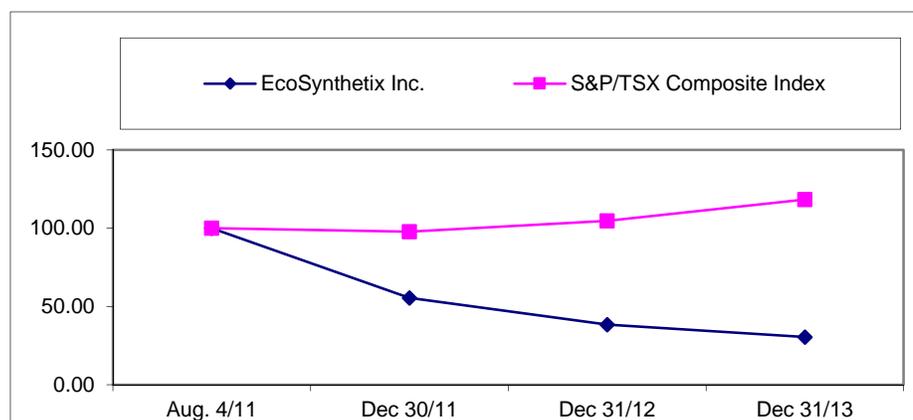
Succession Planning

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.

Performance Graph



The following graph compares total shareholder return to the capital markets since listing on the TSX on August 4, 2011. It shows the change in value of C\$100 invested in the Common Shares on August 4, 2011 compared to C\$100 invested in the S&P/TSX Composite Index for the same period.

	Aug. 4/11	Dec 30/11	Dec 31/12	Dec 31/13
EcoSynthetix Inc.	100.00	55.56	38.33	30.56
S&P/TSX Composite Index	100.00	97.75	104.77	118.38

The Company was listed on the TSX following completion of its initial public offering in August 2011. Since that time, the Company has experienced a decline in share price relative to the performance of the S&P/TSX Composite Index. Over the same period of time, compensation to executive officers has not experienced a similar trend to the share price. Since that time the Company has implemented a long-term incentive program in order to align compensation with Company performance. Similarly, the Company has developed a compensation program that includes fixed and variable elements, including annual performance based cash incentives which are based on both company and individual achievements, and long-term incentives that allow executive officers to work towards achieving long-term growth objectives. Realized value from long-term incentive awards held by the Named Executive Officers will be directly affected by the Company's share performance over the period.

Summary Compensation Table

The following table provides information for the financial year ended December 31, 2013, the period from January 1, 2012 to December 31, 2012 and the period 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 at the Annual Exchange Rate of US\$1.00 = C\$1.03 for the year ended December 31, 2013, at an average annual exchange rate of US\$1.00 = C\$1.01 for the year ended December 31, 2012 and at an average annual exchange rate of US\$1.00 = C\$1.02 for the period running from August 4, 2011 to December 31, 2011.

Name and principal position	Year	Salary (\$) ⁽¹⁾	Share-based awards (\$) ⁽¹⁾	Option-based awards (\$) ⁽²⁾	Non-equity incentive plan compensation (\$)		All other compensation (\$) ⁽³⁾	Total compensation (\$)
					Annual incentive plans	Long-term incentive plans		
John van Leeuwen Chief Executive Officer and Director	2013	442,016	93,782	562,685	56,357	N/A	76,201	1,231,041
	2012	402,782 ⁽⁴⁾	N/A	352,031 ⁽⁷⁾	66,459	N/A	100,696	921,968
	2011	373,648 ⁽⁴⁾	N/A	528,045	94,002	N/A	108,161	1,103,856
Dr. Steven Bloembergen Executive Vice President, Technology	2013	225,000	16,382	98,301	27,000	N/A	451,747 ⁽⁵⁾	818,430
	2012	210,481 ⁽⁵⁾	N/A	143,513 ⁽⁶⁾⁽⁷⁾	18,900	N/A	161,000 ⁽⁶⁾	484,894
	2011	200,000	N/A	105,609	30,600	N/A	61,000	336,209
Robert Haire Chief Financial Officer and Corporate Secretary	2013	291,720	29,124	174,757	37,924	N/A	50,998	584,523
	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 Egdom Senior Vice President, Market Realization and Product Manufacturing	2013	257,686	25,727	154,369	35,045	N/A	47,832	520,659
	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
Diane Richard Senior Vice President, Product Innovation and Market Development	2013	235,321	23,500	140,999	NIL	N/A	63,703	463,523
	2012	71,578 ⁽⁸⁾	NIL	20,105	N/A	N/A	9,553	81,131
Total 2013 Compensation:		1,451,743	188,515	1,131,111	156,326	N/A	690,481	3,618,176

Notes:

- (1) These amounts represent the grant date fair value of RSUs awarded calculated in the following manner: RSU grant date fair value = Number of RSUs granted multiplied by the weighted average trading price of a Common Share on the TSX for the five business days immediately prior to that date.
- (2) These amounts reflect the grant date fair value of PSOs granted to the named executive officer. The grant date fair value of stock options is calculated in the following manner: Stock Option Value = Number of stock options granted multiplied by the Black-Scholes value. The Company has chosen to use the Black-Scholes model as the basis for calculating fair value of the PSOs granted as this methodology is commonly accepted by issuers. 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.
- (3) Pursuant to the terms of the new employment agreements the Company entered into with Mr. Haire, Mr. van Egdome and Mrs. Richard in 2013, they are entitled to a retirement payment that is 10% of their base salary, a car allowance, and standard company medical benefits.
- (4) Mr. van Leeuwen does not receive any compensation for his role as a director of the Company.
- (5) 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. In addition he receives quarterly retention payments of \$47,500 from Q1 2013 through to Q4 2014. Mr. Bloembergen's "All other compensation" also includes medical benefits, 401K contribution and a car allowance.
- (6) Upon Mr. Bloembergen's execution of his new employment agreement, he received a grant of options equivalent to \$100,000 and a \$100,000 short-term incentive. The "All other compensation" figure also includes medical benefits, 401K contribution and a car allowance.
- (7) 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.
- (8) Mrs. Richard joined the Company in September of 2012. The salary listed for 2012 has been prorated to reflect the amount actually paid during the period of time she was with the Company that year.

Incentive Plan Awards

The following table provides information regarding the incentive plan awards for each Named Executive Officer outstanding as of December 31, 2013.

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	\$1,988,576	-	NIL	NIL
	875,000	\$0.08	November 8, 2015	\$2,264,065	-		
	112,000	\$0.81	August 31, 2019	\$205,588	-		
	635,950	\$0.81	August 31, 2019	\$1,167,352	-		
	350,000	\$2.59	January 9, 2021	\$29,611	89,418		
	225,895	\$3.15	March 7, 2023	NIL	225,895		
	267,081	\$4.45	June 12, 2023	NIL	267,081		
Dr. Steven Bloembergen	262,500	\$0.08	November 8, 2015	\$679,220	-	NIL	NIL
	35,000	\$0.83	August 31, 2019	\$64,246	-		
	70,000	\$2.56	January 9, 2021	\$7,364	17,884		
	60,195	\$3.45	June 15, 2023	NIL	-		
	27,922	\$3.15	March 7, 2023	NIL	27,922		
	46,659	\$4.45	June 12, 2023	NIL	46,659		
Robert Haire	280,050	\$0.81	May 14, 2018	\$519,830	-	NIL	NIL
	175,000	\$2.59	January 9, 2021	\$14,806	44,709		
	60,199	\$3.15	March 7, 2023	NIL	60,199		
	82,949	\$4.45	June 12, 2023	NIL	82,949		

Edward van Egdome	277,959	\$0.08	January 1, 2014	\$719,220	-	NIL	NIL
	25,200	\$0.83	August 31, 2019	\$46,257	-		
	70,000	\$2.59	January 9, 2021	\$5,922	17,884		
	28,246	\$3.15	March 7, 2023	NIL	28,246		
	73,272	\$4.45	June 12, 2023	NIL	73,272		
Diane Richard	12,678	\$3.48	March 7, 2023	NIL	12,678	NIL	NIL
	66,926	\$4.45	June 12, 2023	NIL	66,926		

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, 2013 of C\$2.67 (US\$2.75) 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, 2013, none of the options granted to the NEOs under the 2011 Plan or the Rollover Plan vested.

Incentive Plan Awards – Value Vested or Earned During the Year

Name	Option-based awards – Value vested during the year (\$)	Share-based awards – Value vested during the year (\$)	Non-equity incentive plan compensation – Value earned during the year (\$)
John van Leeuwen	NIL	NIL	NIL
Dr. Steven Bloembergen	NIL	NIL	NIL
Robert Haire	NIL	NIL	NIL
Edward van Egdome	NIL	NIL	NIL
Diane Richard	NIL	NIL	NIL

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 April 11, 2014. 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, ⁽¹⁾	Weighted-average price of outstanding options	Number of securities remaining available for future issuance under equity compensation plans ⁽²⁾
Equity compensation plans approved by securityholders	6,449,844	N/A	N/A
Equity compensation plans not approved by securityholders	N/A	C\$1.77 (\$1.72) ⁽³⁾	N/A
Total	6,449,844	C\$1.77 (\$1.72) ⁽³⁾	N/A

Notes:

- (1) Represents the number of Common Shares reserved for issuance upon exercise of outstanding stock options as of April 11, 2014.
- (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 US\$1.03 = C\$1.00 being the average annual exchange rate for Canadian dollars in terms of United States dollars for the year ended December 31, 2013.

Termination and Change of Control Benefits

Certain of the NEOs entered into employment agreements 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 a lump sum payment 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 into an employment agreement with the Company on June 1, 2013. Pursuant to such agreement, the Company is entitled to terminate Mr. Haire without cause by providing the greater of a lump sum payment of salary, inclusive of target bonuses, perquisites and allowances of eight (8) months plus one (1) month per year of service to a maximum of eighteen (18) months in addition, the continuation of all benefits during the notice period and the immediate vesting of any unvested stock options or long-term incentive awards with the ability to exercise for a period of up to ninety (90) days following the date of termination or (b) the minimum amount of notice or at the Company's option pay in lieu of notice (with the continuation of benefits) as required by the provisions of the Employment Standards Act. In addition, following a change of control, if Mr. Haire's employment is terminated, Mr. Haire shall be entitled to a lump sum payment of eighteen (18) months base salary inclusive of target bonuses, perquisites and allowances, the continuation of benefits for the notice period and the immediate vesting of any unvested stock options or long-term incentive awards with the ability to exercise for a period of up to ninety (90) days following the date of termination.

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 medical benefits on substantially the same terms as what was provided during his employment. 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 Company; (iii) any reorganization, consolidation or merger of the Company where the outstanding voting securities of the Company 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 Egdorn entered into an employment contract with the Company on June 1, 2013. Pursuant to such agreement, the Company is entitled to terminate Mr. van Egdorn without cause by providing a lump sum payment of salary, inclusive of target bonuses, perquisites and allowances of six (6) months plus one (1) month per year of service to a maximum of eighteen (18) months in addition to the continuation of all benefits during the notice period and the immediate vesting of any unvested stock options or long-term incentive awards with the ability to exercise for a period of up to ninety (90) days following the date of termination. In the event of a sale of the Company and a change of control if Mr. van Egdorn's employment is terminated, Mr. van Egdorn shall be entitled to a lump sum payment of eighteen (18) months base salary inclusive of target bonuses, perquisites and allowances and the continuation of benefits for the notice period and the immediate vesting of any unvested stock options or LTIP awards with the ability to exercise for a period of up to ninety (90) days following the date of termination.

Mrs. Richard entered into an employment contract with the Company on August 1, 2013. Pursuant to such agreement, the Company is entitled to terminate Mrs. Richard without cause by providing a payment of a minimum of six (6) months plus one (1) month per year of service. In the event of a sale of the Company and a change of control if Mrs. Richard's employment is terminated, Mrs. Richard shall be entitled to a lump sum payment of eighteen (18) months base salary inclusive of target bonuses, perquisites and allowances and the continuation of benefits for the notice period and the immediate vesting of any unvested stock options or long term incentive awards with the ability to exercise for a period of up to ninety (90) days following the date of termination.

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.

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 the NEOs on a Change of Control (assuming termination of employment for any of the NEOs), assuming a triggering event occurred on December 31, 2013.

	John van Leeuwen	Robert Haire	Dr. Steven Bloembergen	Edward van Egdorn	Diane Richard
Severance Entitlement	24 months annual compensation, including bonus, perquisites and allowances and option grants	18 months base salary including target bonuses, perquisites and allowances, the continuation of benefits	18 months base salary	18 months base salary target bonuses, perquisites and allowances, the continuation of benefits	18 months base salary target bonuses, perquisites and allowances, the continuation of benefits
Severance Payment ⁽¹⁾	1,849,495	612,612	337,500	541,141	494,174
Benefits ⁽²⁾	159,124	76,496	NIL	71,748	82,913
Unvested Stock Options	NIL	3,783	1,881	1,513	NIL
TOTALS	2,008,619	692,891	339,381	614,402	577,087

Notes:

- (1) Severance payment includes bonuses.
(2) Benefits includes health benefits, retirement benefits, and car allowance.

Termination Without Cause

The following table provides details regarding the estimated incremental payments from the Company to each of the NEOs, on termination without cause, assuming a triggering event occurred on December 31, 2013.

	John van Leeuwen	Robert Haire	Dr. Steven Bloembergen	Edward van Egdorn	Diane Richard
Severance Entitlement	1x annual salary plus 2 months' salary per year of service to 24 months	8 months salary plus one month per year of service to a max of 18 months, bonuses, perquisites and benefits	1x annual salary, bonus earned, continued medical coverage	6 months salary plus one month for every year of service to a max of 18 months, bonuses, perquisites and benefits	1 month per year of service with a minimum of 6 months, pro-rated bonus and benefits
Severance Payment ⁽¹⁾	1,849,495	476,476	337,500	541,141	164,725
Benefits	159,124	66,772	92,620	71,748	26,017
Unvested Stock Options	NIL	3,783	NIL	1,513	NIL
TOTALS	2,008,619	547,031	430,120	614,402	190,742

Notes:

- (1) Severance payment includes bonuses
- (2) Benefits includes perquisites and benefits where the NEO's contract provides for such inclusions in the severance entitlement.

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, 2013, 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, 2013; (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, 2013, no person who has been a director or executive officer of the Company, nor any proposed nominee for election as a director of the Company nor any associate or affiliate of the foregoing 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

Normal Course Issuer Bid

On November 11, 2013, EcoSynthetix announced its notice of intention to make a normal course issuer bid (the "NCIB") to purchase, between November 13, 2013 to November 12, 2014, up to 2,478,823 Common Shares, representing approximately 5% of the outstanding Common Shares as at November 7, 2013. Shareholders may obtain a copy of the notice of intention to make the NCIB, without charge, by contacting the Company.

The actual number of Common Shares which may be purchased pursuant to the NCIB and the timing of any such purchases will be determined by the management of EcoSynthetix. As at November 7, 2013 there were 49,576,468 Common Shares outstanding. Pursuant to the terms of the NCIB, EcoSynthetix will not acquire on any given trading day more than 25% of the average daily trading volume of Common Shares for the most recently completed six month period, other than block purchase exceptions. All purchases made pursuant to the NCIB will be made through the facilities of the TSX or other Canadian market places and EcoSynthetix will cancel any such Common Shares purchased pursuant to the NCIB.

The NCIB has been authorized by the board of directors of EcoSynthetix to allow EcoSynthetix to purchase Common Shares if in the opinion of management the purchases can be made on terms which will enhance the value of the remaining outstanding Common Shares. EcoSynthetix is undertaking the NCIB because it believes that the market may undervalue the Common Shares of EcoSynthetix from time to time and that the Common Shares may trade in a price range which may not adequately reflect the value of such shares in relation to the business, assets and future prospects of EcoSynthetix from time to time.

Since November 11, 2013, EcoSynthetix has purchased 49,384 Common Shares pursuant to the NCIB. The weighted average price at which the purchases were made was \$2.55 per Common Share. Pursuant to the previous normal course issuer bid undertaken by the Company, an aggregate of 145,800 Common Shares were purchased for the period from August 20, 2012 to August 19, 2013 at an average weighted price of \$3.55 per Common Share.

Additional information relating to the Company, including financial information, which is provided in the Company's audited comparative annual financial statements and MD&A for the financial year ended December 31, 2013, can be found on SEDAR at www.sedar.com, or on the Company's website at www.ecosynthetix.com. Shareholders may also contact the Company at info@ecosynthetix.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: EcoSynthetix Inc.
3365 Mainway
Burlington ON L7M 1A6
2. calling: (289) 878-0286
3. emailing: info@EcoSynthetix.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

"John van Leeuwen" (signed)
CEO

Burlington, Ontario
April 16, 2014

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. 2011 STOCK OPTION PLAN

ARTICLE 1 PURPOSE

1.1 Purpose

The purpose of this Plan is to advance the interests of EcoSynthetix Inc. (the "**Corporation**") by enhancing the ability of the Corporation and any corporations owned or controlled by the Corporation (each a "**Subsidiary**") to attract and retain employees, managers and directors, to reward such individuals for their sustained contributions and to encourage such individuals to take into account the long-term corporate performance of the Corporation and the creation of shareholder value through their participation in the Corporation's share capital by receiving common shares in the capital of the Corporation (the "**Common Shares**").

ARTICLE 2 INTERPRETATION

2.1 Definitions

When used herein the following terms have the following meanings, respectively:

"**2003 Options**" mean the outstanding, unexercised stocks options granted pursuant to the 2003 Stock Option Plan of EcoSynthetix Inc.

"**Affiliate**" or "**Affiliated**" with respect to any Person, means any other Person which directly or indirectly through one or more intermediaries controls, or is controlled by, or is under common control with, such specified Person (for the purposes of this definition, "control" (including, with correlative meanings, the terms "controlling," "controlled by" and "under common control with"), as used with respect to any Person other than a natural Person, means the possession, directly or indirectly, of the power to direct or cause the direction of the management or policies of such Person, whether through the ownership of voting securities, by agreement or otherwise).

"**Associate**" where used to indicate a relationship with an individual, means (i) any partner of that individual, and (ii) the spouse of that individual and that individual's children, as well as that individual's relatives and that individual's spouse's relatives, if they share that individual's residence.

"**Black-Out Period**" means the period during which designated directors, officers, employees and consultants of the Corporation and, if applicable, any Subsidiary, cannot trade Common Shares pursuant to the Corporation's insider trading policy which is in effect at that time (which, for greater certainty, does not include the period during which a cease trade order is in effect to which the Corporation, or in respect of an Insider, that Insider, is subject).

"**Board**" means the board of directors of the Corporation.

"**Cause**" with respect to any Participant (a) has the meaning, if any, set forth in the employment agreement then in effect, if any, between such Participant and the Corporation or any Subsidiary, or (b) if there is no such meaning set forth in such employment agreement or there is no such employment agreement then in effect, means the following events or conditions, as determined by the Board in its reasonable judgment: (i) willful misconduct of the Participant with regard to the Corporation and its Affiliates which constitutes a material breach of any of his or her obligations set forth in any written agreement governing the terms of the Participant's service with the Corporation

and the Subsidiaries as the same may then be in effect and such breach, if curable, has not been cured within fifteen (15) days after written notice by the Corporation or a Subsidiary to the Participant; (ii) fraud, embezzlement, theft or other material dishonesty by the Participant with respect to the Corporation or any of its Affiliates; (iii) the Participant's material breach of his or her fiduciary duties as an officer or manager of the Corporation or any of its Affiliates, or as an officer, trustee, director or other fiduciary of any pension or benefit plan of the Corporation or its Affiliates or willful misconduct which has, or could reasonably be expected to have, a material adverse effect upon the business, interests or reputation of the Corporation or any of its Affiliates and such breach or conduct, if curable, has not been cured within fifteen (15) days after written notice by the Corporation or a Subsidiary to the Participant; (iv) the Participant's indictment for, or a plea of *nolo contendere* to, any felony or an analogous provision under the laws of a local jurisdiction; or (v) refusal or failure by the Participant to attempt in good faith to follow or carry out the reasonable written instructions of the Board which failure, if curable, does not cease within fifteen (15) days after written notice of such failure is given to the Participant by the Board. For purposes of this paragraph, no act, or failure to act, on the Participant's part shall be considered "willful" unless done or omitted to be done by him or her not in good faith and without reasonable belief that his or her action or omission was in the best interests of the Corporation. Notwithstanding the foregoing, to the extent that (x) the Participant is a party to a service agreement with the Corporation or any Subsidiary which includes an alternative definition of Cause or (y) an alternative definition of Cause is provided in the Participant's Option Agreement, "Cause" shall have the meaning assigned thereto in such service agreement or Option Agreement; provided that any alternative definition of Cause in the Option Agreement shall govern and supersede any alternative definition of Cause in such service agreement to the extent of any inconsistencies between such definitions.

"Change of Control" means the occurrence of (i) any transaction or series of related transactions, whether or not the Corporation is a party thereto, after giving effect to which in excess of fifty percent (50%) of the Corporation's voting power is owned directly, or indirectly through one or more entities, by any Person and its Affiliates, or (ii) a sale, lease or other disposition of all or substantially all of the assets of the Corporation other than in connection with an internal reorganization.

"Committee" has the meaning set forth in Section 3.2 of this Plan.

"Common Shares" has the meaning set forth in Section 1.1 of this Plan.

"Corporation" has the meaning set forth in Section 1.1 of this Plan.

"Date of Grant" means, for any Option, the date specified by the Board at the time it grants the Option or, if no such date is specified, the date upon which the Option was granted.

"Director" means a member of the Board.

"Exercise Notice" means a notice in writing, in the form set out in Schedule A, signed by an Optionee and stating the Optionee's intention to exercise a particular Option.

"Exercise Period" means the period of time during which an Option granted under this Plan may be exercised, provided, however, that the Exercise Period may not exceed 10 years from the relevant Date of Grant.

"Exercise Price" means the price at which a Common Share may be purchased pursuant to the exercise of an Option.

"Fair Market Value" means, with respect to any particular date, the weighted average trading price of a Common Share on the TSX for the five business days immediately prior to that date.

"Insider" has the meaning given to such term in the *Securities Act* (Ontario), as such legislation may be amended, supplemented or replaced from time to time.

"Officer" means an executive officer of the Corporation.

"Option" means a non-assignable, non-transferable (other than as contemplated in Section 3.6 of this Plan) right to purchase Common Shares under this Plan.

"Option Agreement" means a signed, written agreement between an Optionee and the Corporation evidencing the terms and conditions on which an Option has been granted substantially in the form attached hereto at Schedule "A".

"Optionee" means a Participant who has been granted one or more Options.

"Original Optionee" has the meaning set forth in Section 3.6 of this Plan.

"Participant" means a Director, an Officer, a director or an officer of any Subsidiary, or a current or past full-time or part-time employee or consultant of the Corporation or any Subsidiary and includes Registered Retirement Savings Plans or Registered Retirement Income Funds of which any such director, officer or individual employee or consultant is the annuitant and any corporation of which any such director, officer or individual employee or consultant is the sole shareholder.

"Performance Vesting Condition" means any condition established by the Board, from time to time, which may include conditions based on the Participant's personal performance and the financial performance of the Corporation, and that is to be used to determine the vesting of the Options.

"Person" means any individual, partnership, corporation, company, association, trust, joint venture, limited liability company, unincorporated organization, entity or division, or any government, governmental department or agency or political subdivision thereof.

"Plan" means this 2011 Stock Option Plan.

"Put/Call Option" means the put/call option pursuant to the put/call agreement between the Corporation, a subsidiary of the Corporation and shareholders of such subsidiary.

"Rollover Plan" means the Rollover Stock Option Plan of the Corporation.

"Share Compensation Arrangement" means a stock option, stock option plan, employee stock purchase plan, long-term incentive plan or any other compensation or incentive mechanism involving the issuance or potential issuance of Common Shares to one or more Directors, Officers, directors or officers of any Subsidiary, current or past full-time or part-time employees of the Corporation or any Subsidiary, Insiders or service providers or consultants of the Corporation or any Subsidiary including a share purchase from treasury by one or more Directors, Officers, directors or officers of any Subsidiary, current or past full-time or part-time employees of the Corporation or any Subsidiary, Insiders or service providers or consultants of the Corporation or any Subsidiary which is financially assisted by the Corporation or any Subsidiary by way of a loan, guarantee or otherwise.

"Subsidiary" has the meaning set forth in Section 1.1 of this Plan.

"Successor Corporation" means, for purposes of Section 5.3, the issuer of the shares or other securities into which the Common Shares are reclassified or reorganized, or otherwise changed into or exchanged for, or the Person resulting or continuing from a consolidation, merger or amalgamation as contemplated in Section 5.3.

“Termination Date” means in the case of an Optionee whose employment or term of office with the Corporation or any Subsidiary terminates in the circumstances set out in Subsection 4.8(b) or 4.8(a), the date that is designated by the Corporation or any Subsidiary, as the last day of the Optionee’s employment or term of office with the Corporation or such Subsidiary, provided that in the case of termination of employment or term of office by voluntary resignation by the Optionee, such date shall not be earlier than the date notice of resignation was given, and “Termination Date” specifically does not mean the date on which any period of reasonable notice that the Corporation or any Subsidiary may be required at law to provide to the Optionee would expire.

“Time Vesting Condition” has the meaning set forth in Section 4.4 of this Plan.

“Trading Day” means any day on which the TSX is opened for trading.

“TSX” means the Toronto Stock Exchange.

2.2 Interpretation

- (a) Whenever the Board or, where applicable, the Committee is to exercise discretion in the administration of the terms and conditions of this Plan, the term “discretion” means the sole and absolute discretion of the Board or the Committee, as the case may be.
- (b) As used herein, the terms “Article”, “Section”, “Subsection” and “clause” mean and refer to the specified Article, Section, Subsection and clause of this Plan, respectively.
- (c) Words importing the singular include the plural and vice versa and words importing any gender include any other gender.
- (d) The words “including” and “includes” mean “including (or includes) without limitation”.
- (e) Unless otherwise specified, all references to money amounts are to Canadian currency.
- (f) In the case of an individual who was granted Options and who has transferred such Options to the Registered Retirement Savings Plan or the Registered Retirement Income Fund of which he is the annuitant, or to a corporation of which he is the sole shareholder, such individual shall be the Participant or the Optionee for the purposes of the definition of “Termination Date” and also for the purpose of the death of the Participant or Optionee.

ARTICLE 3 ADMINISTRATION

3.1 Administration

Subject to Section 3.2, this Plan will be administered by the Board and the Board has sole and complete authority, in its discretion, to:

- (a) determine the individuals (from among the Participants) to whom Options may be granted;
- (b) grant Options in such amounts and, subject to the provisions of this Plan, on such terms and conditions as it determines including:
 - (i) the time or times at which Options may be granted;
 - (ii) the Exercise Price;

- (iii) the time or times when each Option vests and becomes exercisable and, subject to Section 4.3, the duration of the Exercise Period;
- (iv) whether any Option is subject to any Performance Vesting Condition;
- (v) whether restrictions or limitations are to be imposed on the Options and the nature of such restrictions or limitations (including the conditions of exercise set forth in Article 4); and
- (vi) any acceleration of exercisability or waiver of termination regarding any Option, based on such factors as the Board may determine;
- (vii) interpret this Plan and adopt, amend and rescind administrative guidelines and other rules and regulations relating to this Plan; and
- (viii) make all other determinations, settle all controversies and disputes that may arise under this Plan and take all other actions necessary or advisable for the implementation and administration of this Plan.

The Board's determinations and actions under this Plan are conclusive and binding on the Corporation and all other Persons. The day to day administration of this Plan may be delegated to such officers and employees of the Corporation as the Board determines.

3.2 Delegation to Committee

To the extent permitted by applicable law, the Board may, from time to time, delegate to a committee of the Board (the "**Committee**") all or any of the powers conferred on the Board under this Plan. In such event, the Committee will exercise the powers delegated to it by the Board in the manner and on the terms authorized by the Board. Any decision made or action taken by the Committee arising out of or in connection with the administration or interpretation of this Plan in this context is final and conclusive.

No member of the Board or of the Committee shall be liable for any action or determination taken or made in good faith in the administration, interpretation, construction or application of this Plan or any Options granted hereunder, nor shall any member of the Board be liable for any action or determination taken or made in good faith by the Committee or a member thereof.

3.3 Eligibility

All Participants are eligible to participate in this Plan, subject to Section 4.8. Eligibility to participate does not confer upon any Participant any right to be granted Options pursuant to this Plan. The extent to which any Participant is entitled to be granted Options pursuant to this Plan will be determined in the sole and absolute discretion of the Board.

3.4 Total Common Shares Subject to Options

- (a) The maximum number of Common Shares issuable under this Plan, together with all other Share Compensation Arrangements (other than the Rollover Plan), at any time shall not exceed 10% of the total issued and outstanding Common Shares of the Corporation outstanding from time to time (assuming the exercise of the Put/Call Option). At all times, the Corporation will reserve and keep available a sufficient number of Common Shares to satisfy the requirements of all outstanding Options granted under this Plan.
- (b) No Option may be granted if such grant would have the effect of causing the total number of Common Shares subject to Options to exceed the total number of Common Shares

reserved for issuance pursuant to the exercise of Options and set forth in Subsection 3.4(a).

- (c) The aggregate number of Common Shares issuable pursuant to this Plan, together with all other Share Compensation Arrangements, at any time to Insiders shall not exceed 10% of the Common Shares outstanding from time to time.
- (d) The aggregate number of Common Shares issued upon exercise of the Options granted pursuant to this Plan, together with all other Share Compensation Arrangements, at any time to Insiders within a one-year period shall not exceed 10% of the Common Shares then outstanding.
- (e) Option grants to all non-management Directors shall not exceed 1% of the outstanding Common Shares at that time; provided further that the maximum value of Options which may be granted to each non-management Director shall not exceed \$100,000, in any fiscal year.

3.5 Option Agreements

All grants of Options under Section 4.1 of this Plan will be evidenced by Option Agreements. Such Option Agreements will be subject to the applicable provisions of this Plan and will contain such provisions as are required by this Plan, applicable law and the rules of the TSX or other stock exchange upon which the Common Shares are listed and any other provisions that the Board may, in its discretion, determine. Any one Director or Officer is authorized and empowered to execute and deliver, for and on behalf of the Corporation, an Option Agreement to each Optionee.

3.6 Non-transferability

Subject to Section 4.8 and except as specifically provided in an Option Agreement approved by the Board, Options granted under this Plan may only be exercised during the lifetime of the Optionee by such Optionee personally. No sale, assignment, encumbrance or other transfer of Options, whether voluntary, involuntary, by operation of law or otherwise (other than upon the death of the Optionee), vests any interest or right in such Options whatsoever in any assignee or transferee (except that an Optionee may transfer Options to Registered Retirement Savings Plans or Registered Retirement Income Funds of which he is the annuitant and to a corporation in respect of which the Optionee is the sole shareholder with the prior written approval of the Corporation) and immediately upon any assignment or transfer, or any attempt to make the same, such Options will terminate and be of no further force or effect. If any Optionee (the "**Original Optionee**") has transferred Options to a Registered Retirement Savings Plan or a Registered Retirement Income Fund or a corporation pursuant to this Section 3.6, such Options will terminate and be of no further force or effect if at any time the Original Optionee should cease to be the annuitant of such Registered Retirement Savings Plans or Registered Retirement Income Funds or cease to own all of the issued shares of such corporation, as the case may be, other than by reason of death, in which case the provisions of Section 4.8 shall apply, *mutatis mutandis*.

ARTICLE 4 GRANT OF OPTIONS

4.1 Grant of Options

The Board may, from time to time by resolution, subject to the provisions of this Plan and such other terms and conditions as the Board may prescribe, grant Options to any individual from among the Participants.

4.2 Exercise Price

The Exercise Price for Common Shares that are the subject of any Option shall be fixed by the Board or the Committee, as the case may be, when such Option is granted, but shall not be less than the Fair Market Value of such Common Shares at the time of the grant.

4.3 Expiration of Options

Subject to any accelerated termination as set forth in this Plan (including, without limitation, as provided in Sections 4.8 and 4.9), each Option expires on the 10th anniversary of the Date of Grant. Unless otherwise determined by the Board or the Committee, all unexercised Options shall be cancelled at the expiry of such Options.

Should the expiration date for an Option fall within a Black-Out Period or within nine Trading Days following the expiration of a Black-Out Period, such expiration date shall be automatically extended without any further act or formality to that date which is the tenth Trading Day after the end of the Black-Out Period, such tenth Trading Day to be considered the expiration date for such Option for all purposes under this Plan. Notwithstanding Article 6 hereof, the ten Trading Day period referred to in this Section 4.3 may not be extended by the Board.

4.4 Vesting

Unless otherwise specified in the Option Agreement entered into in connection with the grant of such Option, Options will vest over a four-year period, as to twenty-five percent (25%) of the Options on each anniversary of the Date of Grant, commencing on the first anniversary of the Date of Grant (the "**Time Vesting Condition**"). The Options may also be subject to Performance Vesting Conditions. Unless otherwise specified in the Option Agreement entered into in connection with the grant of such Option, an Option will be capable of exercise on vesting.

4.5 Conditions of Exercise and Exercise Period

An Option remains exercisable until expiration or termination of the Option in accordance with the Plan, unless otherwise specified by the Board in the Option Agreement. Each Option may be exercised at any time or from time to time, in whole or in part, for up to the total number of Common Shares with respect to which it is then exercisable. For greater certainty, no Option shall be exercised by a Participant during a Black-Out Period. Subject to the provisions of this Plan and any Option Agreement, Options shall be exercised by the Participant delivering to the Corporation a fully completed Exercise Notice together with a bank draft or certified cheque in an amount equal to the aggregate Exercise Price of the Common Shares to be purchased plus an amount sufficient to cover the withholding taxes payable on the exercise of such Options as computed by the Board in its sole discretion.

4.6 Payment of Exercise Price

No Common Shares will be issued until full payment for the Common Shares to be purchased and an amount sufficient to cover the withholding taxes payable on the exercise of such Options has been received by the Corporation. As soon as practicable after receipt of any Exercise Notice and full payment, the Corporation will forthwith cause the transfer agent and registrar of the Common Shares to deliver to the Optionee, or as the Optionee directs, a certificate or certificates in the name of the Optionee, or as the Optionee directs, or a statement of account, at the discretion of the Optionee, representing in the aggregate the purchased Common Shares.

4.7 Use of an Administrative Agent and Trustee.

The Board may in its sole discretion appoint from time to time one or more entities to act as administrative agent to administer the Options granted under this Plan and to act as trustee to hold and administer the assets that may be held in respect of Options granted under this Plan, the whole in accordance with the terms and conditions determined by the Board in its sole discretion. The Corporation and the administrative

agent will maintain records showing the number of Options granted to each Optionee under this Plan as well as records showing any assignments or transfers of Options by an Optionee as permitted under Section 3.6.

4.8 Termination of Service

- (a) All Options held by the Participant (whether vested or unvested) shall terminate automatically upon the termination of the Participant's service with the Company or any of its Subsidiaries for any reason other than as set forth in Section 4.8(b).
- (b) In the case of a termination of the Participant's service by reason of (A) termination by the Company or any of its Subsidiaries other than for Cause, or (B) voluntary resignation, only the Participant's unvested Options shall terminate automatically as of such date, and any time during the ninety (90) day period commencing on the date of such termination of service (or, if earlier, the Termination Date), the Participant (or his or her executor or administrator, or the Person or Persons to whom the Participant's Share Options are transferred by will or the applicable laws of descent and distribution) will be eligible to exercise his vested Options and upon the 90th day following such termination of service (or, if earlier, the Termination Date) any Options that have not been exercised shall automatically terminate. In the case of a termination of the Participant's service by reason of the Participant's death, only the Participant's unvested Options shall terminate automatically as of such date, and any time during the 365 day period commencing on the date of such termination of service (or, if earlier, the Termination Date), the Participant (or his or her executor or administrator, or the Person or Persons to whom the Participant's Share Options are transferred by will or the applicable laws of descent and distribution) will be eligible to exercise his vested Options and upon the 365th day following such termination of service (or, if earlier, the Termination Date) any Options that have not been exercised shall automatically terminate.
- (c) For greater certainty, where an Optionee's employment or term of office terminates by reason of termination by the Corporation or any Subsidiary for Cause then any Options held by the Optionee, whether or not vested at the Termination Date, immediately expire and are cancelled on the Termination Date or at a time as may be determined by the Board, in its sole discretion.
- (d) An Optionee's eligibility to receive further grants of Options under this Plan ceases as of the date that the Corporation or any Subsidiary provides the Optionee with written notification that the Optionee's employment or term of office, as the case may be, is terminated, notwithstanding that such date may be prior to the Termination Date.
- (e) For the purposes of the Plan, an Optionee shall not be deemed to have terminated service where: (i) the Optionee remains in employment or office within or among the Corporation or any Subsidiary or (ii) the Optionee is on a leave of absence approved by the Board.

4.9 Discretion to Permit Exercise

Notwithstanding the provisions of Sections 4.3, 4.4, 4.5, 4.8 and 4.9 the Board may, in its discretion, at any time prior to or following the events contemplated in such Sections and in any Option Agreement, permit the exercise of any or all Options held by the Optionee in the manner and on the terms authorized by the Board, provided that, subject to an extension pursuant to Section 4.3 resulting from a Black-Out Period, the Board will not, in any case, authorize the exercise of an Option pursuant to this Section beyond the expiration of the Exercise Period of the particular Option.

4.10 Change of Control

Except as otherwise set forth in any Option Agreement, in the event of any Change of Control transaction, 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, any such substitution, replacement or assumption to be on such terms as the Board in good faith determines; provided, however, that in the event of a Change of Control transaction the Board may take, as to any outstanding Option, any one or more of the following actions:

- (a) 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;
- (b) make any outstanding option exercisable in full; and
- (c) terminate any Option where the Exercise Price of such Option is equal to or greater than the fair market value of a Common Share.

4.11 Conditions of Exercise

Each Optionee will, when requested by the Corporation, sign and deliver all such documents relating to the granting or exercise of Options which the Corporation deems necessary or desirable.

ARTICLE 5 SHARE CAPITAL ADJUSTMENTS

5.1 General

The existence of any Option does not affect in any way the right or power of the Corporation or its shareholders to make, authorize or determine any adjustment, recapitalization, reorganization or any other change in the Corporation's capital structure or its business, or any amalgamation, combination, plan of arrangement, merger or consolidation involving the Corporation, to create or issue any bonds, debentures, Common Shares or other securities of the Corporation or to determine the rights and conditions attaching thereto, to effect the dissolution or liquidation of the Corporation or any sale or transfer of all or any part of its assets or business, or to effect any other corporate act or proceeding, whether of a similar character or otherwise, whether or not any such action referred to in this Section would have an adverse effect on this Plan or any Option granted hereunder.

5.2 Reorganization of the Corporation's Capital

- (a) In the event of any subdivision of the Common Shares into a greater number of Common Shares at any time after the grant of an Option to a Optionee and prior to the expiration of the Exercise Period of such Option, the Corporation will deliver to such Optionee at the time of any subsequent exercise of such Option in accordance with the terms hereof in lieu of the number of Common Shares to which such Optionee was theretofore entitled upon such exercise, but for the same aggregate consideration payable therefor, such number of Common Shares as such Optionee would have held as a result of such subdivision if on the record date thereof the Optionee had been the registered holder of the number of Common Shares to which such Optionee was theretofore entitled upon such exercise.
- (b) In the event of any consolidation of Common Shares into a lesser number of Common Shares at any time after the grant of an Option to any Optionee and prior to the expiration of the Exercise Period of such Option, the Corporation shall deliver to such Optionee at the time of any subsequent exercise of such Option in accordance with the terms hereof in lieu of the number of Common Shares to which such Optionee was theretofore entitled upon such exercise, but for the same aggregate consideration payable therefor, such number of Common Shares as such Optionee would have held as a result of such consolidation if on

the record date thereof the Optionee had been the registered holder of the number of Common Shares to which such Optionee was theretofore entitled upon such exercise.

5.3 Other Events Affecting the Corporation

If at any time prior to the expiration of the Exercise Period of such Option, the Common Shares shall be reclassified, reorganised or otherwise changed into or exchanged for a different number or class of shares or other securities of the Corporation or of a Successor Corporation (otherwise than as specified in Section 5.1 and Section 5.2 hereof), or the Corporation shall consolidate, merge or amalgamate with or into another Person, the Optionee will, subject to the provisions of Article 6 hereof, be entitled to receive at the time of any subsequent exercise of such Option in accordance with the terms hereof and will accept in lieu of the number of Common Shares then subscribed for an aggregate consideration payable therefor, adjusted, if necessary, to preserve proportionately the rights and obligations of the Optionee, the aggregate number of shares of the appropriate class or other securities of the Corporation or the Successor Corporation (as the case may be) or other consideration from the Corporation or the Successor Corporation (as the case may be) that such Optionee would have been entitled to receive as a result of such reclassification, reorganization or other change or exchange of shares or, subject to the provisions of Article 6 hereof, as a result of such consolidation, merger or amalgamation, as if on the record date of such reclassification, reorganization or other change or exchange of shares or the effective date of such consolidation, merger or amalgamation, as the case may be, such Optionee had been the registered holder of the number of Common Shares to which such Optionee was immediately theretofore entitled upon such exercise.

5.4 Distribution to Securityholders

If, at any time prior to the expiration of the Expiration Period of such Option, the Corporation makes a distribution to all holders of Common Shares of shares or other securities, cash, evidences of indebtedness or other assets in the capital of the Corporation (excluding a regular ordinary course dividend in cash or Common Shares, but including common shares or equity interests in a subsidiary or business unit of the Corporation or one of its Subsidiaries or cash proceeds of the disposition of such a subsidiary or business unit), or should the Corporation effect any transaction or change having a similar effect, then the Exercise Price, or the number of Common Shares to which the Optionee is entitled upon exercise of Options, or any combination thereof, will be adjusted to take into account such distribution, transaction or change. Subject to the TSX approval, the Board will determine the appropriate adjustments to be made in such circumstances in order to maintain the Optionee's economic rights in respect of their Options in connection with such distribution, transaction or change.

5.5 Immediate Exercise of Options

Where the Board determines that the steps provided in Sections 5.2 and 5.3 would not preserve proportionately the rights and obligations of the Optionees in the circumstances or otherwise determines that it is appropriate, the Board may permit the immediate exercise of any outstanding Options that are not otherwise exercisable.

5.6 Issue by Corporation of Additional Common Shares

Except as expressly provided in this Article 5, neither the issue by the Corporation of shares of any class or securities convertible into or exchangeable for shares of any class, nor the conversion or exchange of such shares or securities, affects, and no adjustment by reason thereof is to be made with respect to: (i) the number of Common Shares that may be acquired on the exercise of any outstanding Options, or (ii) the Exercise Price of any outstanding Options.

5.7 Fractions

No fractional Common Shares will be issued on the exercise of an Option. Accordingly, if, as a result of any adjustment pursuant to this Article 5, an Optionee would become entitled to a fractional Common Share,

the Optionee has the right to acquire only the adjusted number of whole Common Shares and no payment or other adjustment will be made with respect to the fractional Common Shares so disregarded.

5.8 Conditions of Exercise

The Plan and each Option are subject to the requirement that if at any time the Board determines that the listing, registration or qualification of the Common Shares subject to such Option upon any stock exchange or under any provincial, state or federal law, or the consent or approval of any governmental body or stock exchange or of the holders of the Common Shares generally, is necessary or desirable, as a condition of, or in connection with, the granting of such Option or the issue or purchase of Common Shares thereunder, no such Option may be granted or exercised in whole or in part unless such listing, registration, qualification, consent or approval has been effected or obtained free of any conditions not acceptable to the Board. The Optionees shall, to the extent applicable, cooperate with the Corporation in relation to such listing, registration, qualification, consent or other approval and shall have no claim or cause of action against the Corporation or any of its directors or officers as a result of any failure by the Corporation to obtain or to take any steps to obtain any such registration, qualification or approval.

ARTICLE 6 AMENDMENT OR DISCONTINUANCE OF THE PLAN

6.1 Amendments or Discontinuance of the Plan

Subject to compliance with the applicable rules of the TSX, or any other stock exchange upon which the Common Shares are listed, and subject to Section 6.2 below, the Board may from time to time amend, suspend or terminate this Plan, or the terms of any previously granted Option, without obtaining the approval of shareholders of the Corporation, provided that no such amendment to the terms of any previously granted Option may, except as expressly provided in the Plan, or with the written consent of the Optionee, adversely alter or impair the terms or conditions of such Option previously granted to such Optionee under this Plan.

Any amendment to this Plan, or to the terms of any Option previously granted, is subject to compliance with all applicable laws, rules, regulations and policies of any applicable governmental entity or TSX, or any other stock exchange upon which the Common Shares are listed, including receipt of any required approval from such governmental entity or stock exchange.

If this Plan is terminated, the provisions of this Plan and any administrative guidelines or other rules adopted by the Board and in force at the time of such termination shall continue in effect as long as any Options under the Plan or any rights pursuant thereto remain outstanding. Notwithstanding such termination of the Plan, the Board may make any amendments to the Plan or to the terms of any outstanding Options that it would be entitled to make if the Plan were still in effect.

6.2 Amendments Requiring Shareholder Approval

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

- (a) any amendment to increase the number of securities issuable under the Plan;
- (b) any amendment to the exercise price of any Option issued under the Plan where such amendment reduces the exercise price of such Option (for this purpose, a cancellation or termination of an Option of a Participant prior to its expiry for the purpose of re-issuing Options to the same Participant with a lower exercise price shall be treated as an amendment to reduce the exercise price of an Option);

- (c) any amendment of this Plan that would permit an extension beyond the original expiry date of outstanding Options;
- (d) any change to the definition of "Participant" which would have the potential of broadening or increasing Insider participation;
- (e) any amendment to the Insider and non-management Director limits in Section 3.4;
- (f) any amendment to Section 3.6 of this Plan that would permit Options to be assigned or transferred, other than for normal estate settlement purposes;
- (g) any amendment to this Section 6 relating to the amending provisions of this Plan;
- (h) any other amendments that may lead to significant or unreasonable dilution in the Corporation's outstanding securities or may provide additional benefits to eligible participants, especially insiders of the Corporation, at the expense of the Corporation and its existing shareholders.

ARTICLE 7 MISCELLANEOUS PROVISIONS

7.1 Legal Requirement

This Plan, and the Options granted under this Plan, shall at all times be subject to the ongoing requirements of applicable law and the rules of the TSX or other stock exchange upon which the Common Shares are listed.

The Corporation is not obligated to grant any Options, issue any Common Shares or other securities, make any payments or take any other action if, in the opinion of the Board, in its sole discretion, such action would constitute a violation by a Participant or the Corporation of any provision of any applicable statutory or regulatory enactment of any government or government agency.

7.2 Conformity to Plan

In the event that an Option is granted or an Option Agreement is executed which does not conform in all particulars with the provisions of this Plan, or purports to grant Options on terms different from those set out in this Plan, the Option, or the grant of such Option shall not be in any way void or invalidated, but the Option so granted will be adjusted to become, in all respects, in conformity with this Plan.

7.3 Optionee's Entitlement

Except as otherwise provided in this Plan, Options previously granted under this Plan, whether or not then vested or exercisable, are not affected by any change in the ownership of the Corporation.

7.4 Expenses

All fees and expenses incurred by the Corporation in connection with this Plan shall be borne by the Corporation. All expenses incurred by a Participant in connection with a grant or exercise of Options, including all fees and expenses of financial or legal advisors retained by such Participant in connection therewith, shall be borne by the Participant.

7.5 Withholding Taxes

The exercise of each Option granted under the Plan is subject to the condition that if at any time the Corporation determines, in its discretion, that the satisfaction of withholding tax or other withholding

liabilities is necessary or desirable in respect of such exercise, such exercise is not effective unless such withholding has been effected to the satisfaction of the Corporation. In such circumstances, the Corporation may require that an Optionee pay to the Corporation, in addition to and in the same manner as the Exercise Price for the Common Shares, such amount as the Corporation is obliged to remit to the relevant taxing authority in respect of the exercise of the Option. Alternatively, the Corporation shall have the right in its discretion to satisfy any such liability for withholding by retaining any amount payable to an Optionee by the Corporation, whether or not such amounts are payable under the Plan. In the further alternative, if directed by an Optionee, the Corporation may withhold and cause to be sold, by it as agent on behalf of the Optionee, such number of Common Shares as it determines to be necessary to satisfy the withholding obligation. By so directing the Corporation, the Optionee consents to such sale and authorizes the Corporation to effect the sale of such Common Shares on behalf of the Optionee and to remit the appropriate amount to the applicable governmental authorities. Where so directed the Corporation shall not be responsible for obtaining any particular price for the Common Shares.

7.6 Rights of Participant/Optionee

No Participant has any claim or right to be granted an Option (including an Option granted in substitution for any Option that has expired pursuant to the terms and conditions of this Plan), and the granting of any Option is not to be construed as giving an Optionee a right to remain in the employ of the Corporation or any Subsidiary. No Optionee has any rights as a shareholder of the Corporation in respect of Common Shares issuable on the exercise of rights to acquire Common Shares under any Option (including the payment of dividends or other distributions) until the allotment and issuance to the Optionee of a certificate or certificates in the name of the Optionee or a statement of account, at the discretion of the Optionee, representing such Common Shares. The loss of existing or potential profit in Options granted under this Plan will not constitute an element of damages in the event of termination of an Optionee's employment or service in any office or otherwise.

7.7 Indemnification

Every Director or member of the Committee will at all times be indemnified and saved harmless by the Corporation from and against all costs, charges and expenses whatsoever including any income tax liability arising from any such indemnification, that such Director or member of the Committee may sustain or incur by reason of any action, suit or proceeding, taken or threatened against such Director or member of the Committee, otherwise than by the Corporation, for or in respect of any act done or omitted by such Director or member of the Committee in respect of this Plan, such costs, charges and expenses to include any amount paid to settle such action, suit or proceeding or in satisfaction of any judgment rendered therein. This shall be in addition to any indemnification agreement between the Corporation and the Directors.

7.8 Participation in this Plan

The participation of any Participant in this Plan is entirely voluntary and not obligatory and shall not be interpreted as conferring upon such Participant any rights or privileges other than those rights and privileges expressly provided in this Plan. In particular, participation in this Plan does not constitute a condition of employment nor a commitment on the part of the Corporation or any Subsidiary to ensure the continued employment of such Participant or Optionee. The Plan does not provide any guarantee against any loss which may result from fluctuations in the market value of the Common Shares. Neither the Corporation nor any Subsidiary assumes any responsibility for the income or other tax consequences resulting to the Optionees and they are advised to consult with their own tax advisors.

7.9 Effective Date

This Plan was adopted by the Board on August 4, 2011, and amended on April 15, 2014. Should any changes to this Plan be required by any securities commission or other governmental body of any jurisdiction of Canada to which this Plan has been submitted or by any stock exchange on which the Common Shares may from time to time be listed, such changes will be made to this Plan as are necessary

to conform with such requests and, if such changes are approved by the Board, this Plan, as amended, will remain in full force and effect in its amended form as of and from that date.

7.10 Governing Law

This Plan is created under and is to be governed, construed and administered in accordance with the laws of the Province of Ontario and the laws of Canada applicable therein.

APPENDIX 1

US RESIDENT EMPLOYEES

The terms of the Plan are hereby modified with respect to those Participants who are resident in the U.S.:

SPECIAL APPENDIX

to the

EcoSynthetix Inc.

2011 Stock Option Plan

Special Provisions Applicable to Participants Subject to

Section 409A of the United States Internal Revenue Code

This Appendix sets forth special provisions of the EcoSynthetix Inc. 2011 Stock Option Plan (the "Plan") that apply to Participants whose compensation is subject to section 409A of the United States Internal Revenue Code of 1986, as amended. Terms defined in the Plan and used herein and in any Option Agreement applicable to any Option issued under the Plan shall have the meanings set forth in the Plan document, as amended from time to time.

1. Definitions.

For purposes of this Appendix:

- (a) "Code" means the United States Internal Revenue Code of 1986, as amended, and any applicable United States Treasury Regulations and other binding regulatory guidance thereunder.
- (b) "Section 409A" means section 409A of the Code.
- (c) "Separation From Service" shall have the meaning as set forth in United States Treasury Regulation Section 1.409A 1(h).
- (d) "US Taxpayer" means a Participant whose compensation from the Corporation or any of its Affiliates is subject to Section 409A.

2. Exemption from Section 409A.

In General. Notwithstanding any provision of the Plan to the contrary, it is intended that Options granted under the Plan to US Taxpayers be exempt from Section 409A, and all provisions of the Plan shall be construed and interpreted in a manner consistent with the requirements for avoiding taxes or penalties under Section 409A. Each US Taxpayer is solely responsible and liable for the satisfaction of all taxes and penalties that may be imposed on or for the account of such US Taxpayer in connection with the Plan (including any taxes and penalties under Section 409A), and neither the Corporation nor any Affiliate of the Corporation shall have any obligation to indemnify or otherwise hold such US Taxpayer (or any beneficiary) harmless from any or all of such taxes or penalties.

3. Exercise Price.

Notwithstanding any other provision of the Plan, so long as at the time of the grant of an Option the Common Shares are “readily tradable” as determined under United States Treasury Regulation Section 1.409A-1(b)(5)(vi)(G), the Exercise Price shall be the closing sale price of the Common Shares reported on the primary securities exchange on which the Common Shares are listed on the last business day on which such exchange is open for trading prior to the date of grant of such Option, and if at the time of grant the Common Shares are not “readily tradable” as determined under United States Treasury Regulation Section 1.409A-1(b)(5)(vi)(G), the Exercise Price shall be determined by the reasonable application of a reasonable valuation method in accordance with Treasury Regulation Section 1.409A-1(b)(5)(iv)(B).

4. Expiry of Option/Trading Blackouts.

Notwithstanding any other provision of the Plan and any provisions of the Option Agreement to the contrary, Options granted to US Taxpayers may not be exercised under any circumstance following the 10th anniversary of the Date of Grant.

5. Adjustments to Options.

Notwithstanding Article IV and Article V of the Plan or any provision of the Option Agreement to the contrary, in connection with any adjustment to the Options, the number of Shares deliverable on the exercise of an Option held by a US Taxpayer and the Exercise Price of an Option held by a US Taxpayer shall be adjusted in a manner intended to keep the Options exempt from Section 409A.

6. Amendment of Appendix

The Board shall retain the power and authority to amend or modify this Appendix to the extent the Board in its sole discretion deems necessary or advisable to comply with any guidance issued under Section 409A. Such amendments may be made without the approval of any US Taxpayer.

7. Non-transferability of Awards.

Notwithstanding Section 3.6 or 4.8 or any other provision of the Plan, except as otherwise set forth in the applicable Option Agreement, no Stock Option or any interest or participation therein may be transferred other than by will or by the laws of descent and distribution.