

Intellipharma International Inc.

NOTICE OF 2017
ANNUAL MEETING OF SHAREHOLDERS AND
MANAGEMENT PROXY CIRCULAR

NOTICE OF ANNUAL MEETING OF SHAREHOLDERS

NOTICE IS HEREBY GIVEN THAT the annual meeting (the “**Meeting**”) of shareholders of Intellipharma International Inc. (the “**Company**”) will be held at The National Club, 303 Bay Street, Toronto, Ontario on Tuesday, April 18, 2017, at 10:30 a.m. (Toronto time) for the following purposes:

1. to receive the audited consolidated financial statements of the Company for the financial year ended November 30, 2016, and the auditor’s report thereon;
2. to elect six (6) directors;
3. to reappoint the auditor and to authorize the directors to fix the auditor’s remuneration; and
4. to transact such further and other business as may properly come before the Meeting or any adjournments thereof.

The specific details of the matters proposed to be put before the Meeting are set forth in the information circular prepared for the Meeting (“**Management Proxy Circular**”). The Company is utilizing the notice-and-access model for distribution of the Management Proxy Circular.

Notice-and-access is a set of rules that allows issuers to post electronic versions of proxy-related materials (such as proxy circulars and annual financial statements) on-line, via the System for Electronic Document Analysis and Retrieval (“**SEDAR**”) and one other website, rather than mailing paper copies of such materials to shareholders. Electronic copies of the Management Proxy Circular and other Meeting related materials may be found on the Company’s pages on SEDAR at www.sedar.com and also on www.intellipharma.com/proxy.cfm.

Shareholders with questions about notice-and-access can call the Company toll-free at 1-800-275-0139. Shareholders may obtain paper copies of the Management Proxy Circular free of charge by calling the same toll-free number. A request for paper copies in advance of the Meeting should be made no later than April 3, 2017 in order to allow sufficient time for the shareholders to receive the paper copies and to return their relevant voting document by the proxy deposit date.

DATED at Toronto, Ontario, March 8, 2017.

BY ORDER OF THE BOARD OF DIRECTORS

/s/ “John Allport”

John Allport
Secretary

NOTES:

1. Registered shareholders who are unable to be present at the Meeting are kindly requested to specify on the accompanying form of proxy the manner in which the shares represented thereby are to be voted, and to sign, date, and return same in accordance with the instructions set out in the proxy and the Management Proxy Circular.
2. As provided in the *Canada Business Corporations Act*, the directors have fixed a record date of March 3, 2017. Accordingly, shareholders registered on the books of the Company at the close of business on March 3, 2017 are entitled to notice of the Meeting.
3. Persons who are registered as shareholders on the books of the Company at the close of business on March 3, 2017 are entitled to vote at the Meeting.
4. If you are a beneficial shareholder and receive these materials through your broker or another intermediary, please complete and return the materials in accordance with the instructions provided to you by your broker or intermediary.

**MANAGEMENT PROXY CIRCULAR OF
INTELLIPHARMACEUTICS INTERNATIONAL INC.**

SOLICITATION OF PROXIES

THIS MANAGEMENT PROXY CIRCULAR IS FURNISHED IN CONNECTION WITH THE SOLICITATION OF PROXIES BY THE MANAGEMENT OF INTELLIPHARMACEUTICS INTERNATIONAL INC. (THE “COMPANY”) FOR USE AT THE ANNUAL MEETING OF THE SHAREHOLDERS OF THE COMPANY (THE “MEETING”) TO BE HELD AT THE NATIONAL CLUB, 303 BAY STREET, TORONTO, ONTARIO ON TUESDAY, APRIL 18, 2017, AT 10:30 A.M. (TORONTO TIME) FOR THE PURPOSES SET OUT IN THE NOTICE OF MEETING AND AT ANY ADJOURNMENT(S) THEREOF. Registered shareholders who are unable to be present at the Meeting in person are requested to complete, sign, date, and return the form of proxy provided with respect to the Meeting to Secretary of Intellipharmaceutics International Inc., c/o CST Trust Company, P.O. Box 721, Agincourt, Ontario M1S 0A1, Attention: Proxy Department, by 10:30 a.m. on Monday, April 17, 2017. The addressed envelope that accompanies the form of proxy may be used for such purpose. It is expected that this solicitation will be primarily by mail; however, officers, directors and employees of the Company may also solicit proxies by telephone, by facsimile or in person. The cost of solicitation by management of the Company (“**Management**”) will be nominal and will be borne by the Company.

GENERAL PROXY MATTERS

Appointment of Proxy

The persons named in the form of proxy provided with respect to the Meeting are officers and/or directors of the Company and shall represent Management at the Meeting. **A shareholder desiring to appoint some other person (who need not be a shareholder of the Company) to represent the shareholder at the Meeting may do so by inserting such person’s name in the blank space provided in the form of proxy and delivering the completed form of proxy addressed to the Secretary of Intellipharmaceutics International Inc., c/o CST Trust Company, P.O. Box 721, Agincourt, Ontario M1S 0A1, Attention: Proxy Department or fax the proxy to (416) 368-2502 or 1-866-781-3111 or email to proxy@canstockta.com before 10:30 a.m., on Monday, April 17, 2017 or, if the Meeting is adjourned, on the date that is one business day before the adjourned date of the Meeting.**

The persons named in the accompanying form of proxy will vote for or against or withhold from voting the shares in respect of which they are appointed proxy holder on any ballot that may be called for in accordance with the instructions of the shareholder executing the proxy. **In the absence of such instructions, such shares will be voted (i) for the election of the directors named in this Management Proxy Circular; and (ii) for the reappointment of MNP LLP, Chartered Professional Accountants, as the auditor of the Company and to authorize the directors to fix the auditor’s remuneration.** All resolutions proposed for consideration at the Meeting require a simple majority of votes cast at the Meeting for approval.

The form of proxy provided with respect to the Meeting confers discretionary authority upon the persons named therein with respect to amendments or variations to matters identified in the Notice of Meeting, and to other matters that may properly come before the Meeting. As at the date hereof, Management knows of no such amendments, variations, or other matters to come before the Meeting other than the matters identified in the Notice of Meeting. If, however, amendments or other matters properly come before the Meeting, the persons designated in the form of proxy will vote thereon in accordance with their judgment, pursuant to the discretionary authority conferred by such proxy with respect to such matters.

Revocation of Proxy

A proxy may be revoked by a shareholder by depositing an instrument in writing, including another completed form of proxy, executed by the shareholder or by the shareholder’s attorney authorized in writing (or, if the shareholder is a corporation, by an officer or attorney thereof, authorized in writing), with either (a) the Secretary of the Company

at the registered office of the Company at 30 Worcester Road, Toronto, Ontario, M9W 5X2, before 5:00 p.m., on the last business day preceding the day of the Meeting or any adjournment(s) thereof at which the proxy is to be used, or (b) the Chairman or the Secretary of the Meeting, prior to the beginning of the Meeting or any adjournment(s) thereof. A proxy may also be revoked in any other manner permitted by law.

VOTING BY BENEFICIAL SHAREHOLDERS

The information set forth in this section is important to the shareholders of the Company who do not hold their common shares in their own name.

Shareholders who hold shares through their brokers, intermediaries, trustees, or other nominees (such shareholders being collectively called “**Beneficial Shareholders**”) should note that only proxies deposited by shareholders whose names appear on the share register of the Company may be recognized and acted upon at the Meeting. If shares are shown on an account statement provided to a Beneficial Shareholder by a broker, then in almost all cases the name of such Beneficial Shareholder will not appear on the share register of the Company. Such shares will most likely be registered in the name of the broker or an agent of the broker. Such shares can only be voted by brokers, agents, or nominees and can only be voted by them in accordance with instructions received from Beneficial Shareholders. **As a result, Beneficial Shareholders should carefully review the voting instructions provided by their broker, agent, or nominee with respect to the Meeting and ensure that they communicate how they would like their shares voted in accordance with those instructions.**

Most brokers delegate responsibility for obtaining voting instructions from clients to a service company (a “**Service Company**”). The Service Company typically supplies voting instruction forms, mails those forms to Beneficial Shareholders, and asks those Beneficial Shareholders to return the forms to the Service Company or to follow the alternative voting procedures detailed on the voting instruction form. The Service Company then tabulates the results of all instructions received and provides appropriate instructions respecting the voting of shares at the Meeting. **A Beneficial Shareholder receiving a voting instruction form from the Service Company cannot use that form to vote shares directly at the Meeting. Instead, the Beneficial Shareholder must return the voting instruction form to the Service Company or follow the alternative voting procedures, as mentioned above, well in advance of the Meeting in order to ensure that such shares are voted.** Alternatively, a Beneficial Shareholder may be given a proxy that has already been signed by an institutional party that holds the shares on behalf of the Beneficial Shareholder in accordance with Canadian securities laws governing intermediaries (an “**Intermediary**”) (typically by a facsimile stamped signature), which is restricted as to the number of shares beneficially owned by the Beneficial Shareholder but which is not otherwise completed. Because the Intermediary has already signed the form of proxy, this form of proxy is not required to be signed by the Beneficial Shareholder when submitting the proxy. In this case, the Beneficial Shareholder who wishes to vote by proxy should otherwise properly complete the form of proxy and deliver it as specified above under the heading “*Solicitation of Proxies*”.

In either case, the purpose of these procedures is to permit Beneficial Shareholders to direct the voting of the common shares of the Company that they beneficially own. A Beneficial Shareholder who wishes to attend and vote at the Meeting in person (or to have another person attend and vote on behalf of the Beneficial Shareholder) should print the Beneficial Shareholder’s (or such other person’s) name in the blank space provided for that purpose in the first paragraph of the proxy form or, in the case of a voting instruction form, follow the corresponding instructions on that form.

NOTICE-AND-ACCESS

The Company has elected to use the notice-and-access provisions under National Instrument 54-101 - *Communication with Beneficial Owners of Securities of a Reporting Issuer* (“**NI 54-101**”) for the distribution of proxy-related materials, including this Management Proxy Circular, to all shareholders, including Beneficial Shareholders.

Notice-and-access is a set of rules adopted by the Canadian Securities Administrators. Notice-and-access allows issuers to post electronic versions of proxy-related materials (such as proxy circulars and annual financial statements) on-line, via a secured website, rather than mailing paper copies of such materials to shareholders.

Electronic copies of this Management Proxy Circular and other Meeting related materials may therefore be found on www.intellipharmaceutics.com/proxy.cfm or the Company's issuer profile on SEDAR at www.sedar.com. Shareholders are reminded to review the Management Proxy Circular before voting.

Although this Management Proxy Circular will be posted electronically on-line as noted above, shareholders will be sent a notice of the Meeting via prepaid mail, courier or the equivalent containing information prescribed by NI 54-101, along with the relevant voting document.

For Beneficial Shareholders who have provided instructions to an Intermediary holding the common shares in an account on behalf of the Beneficial Shareholder that the Beneficial Shareholder objects, for that account, to the Intermediary disclosing ownership information about the Beneficial Shareholder under NI 54-101 (an "OBO"), the notice of the Meeting will be sent to such Intermediary. Management does not intend to pay for the Intermediary to forward to an OBO any proxy-related materials for the Meeting or Form 54-101F7 - *Request for Voting Instructions Made by Intermediary*. Accordingly, OBOs will not receive the proxy-related materials unless an OBO's Intermediary assumes the cost of delivery.

The Company anticipates that notice-and-access will directly benefit the Company through a substantial reduction in both postage and material costs and also promotes environmental responsibility by decreasing the large volume of paper documents generated by printing proxy-related materials.

Shareholders with questions about notice-and-access can call the Company toll-free at 1-800-275-0139. Shareholders may obtain paper copies of this Management Proxy Circular free of charge for up to one year. A request for paper copies of this Management Proxy Circular prior to the date of the Meeting should be made no later than April 3, 2017 in order to allow sufficient time for the shareholders to receive the paper copies and to return their relevant voting document by the proxy deposit date. For requests received prior to the date of the Meeting, paper copies of this Management Proxy Circular requested will be sent within three business days after receiving the request; for requests received on or after the date of the Meeting (and within one year), paper copies of this Management Proxy Circular requested will be sent within 10 calendar days after receiving the request.

The Company will not rely upon the use of 'stratification'. Stratification occurs when a reporting issuer using notice-and-access provides a paper copy of the information circular to certain shareholders. In relation to the Meeting, no shareholder will receive a paper copy of this Management Proxy Circular unless such shareholder specifically requests same.

VOTING SECURITIES AND PRINCIPAL HOLDERS OF VOTING SECURITIES

As of the close of business on March 3, 2017 (the "Record Date"), there were issued and outstanding 30,155,836 common shares of the Company without nominal or par value, each carrying the right to one vote per share.

Each shareholder of record as of the close of business on the Record Date will be entitled to vote at the Meeting, in person or by proxy, the number of common shares held by such holder on the Record Date. To the knowledge of the directors and officers of the Company, other than as set out below, no person or company beneficially owns or controls or directs, directly or indirectly, 10% or more of the issued and outstanding common shares of the Company:

Name	Number of Common Shares	Percentage of Issued and Outstanding Common Shares
Odidi Holdings Inc. ⁽¹⁾	5,781,312 ⁽²⁾	19.17%

Notes:

- (1) A private company owned and controlled by Drs. Isa and Amina Odidi and their family trust. In addition, Drs. Isa and Amina Odidi jointly hold 2,763,940 performance-based options and each hold 585,000 stock options. Further, pursuant to a U.S.\$1.5 million private placement financing that closed on January 10, 2013, Drs. Isa and Amina Odidi hold a convertible debenture in Company with net amount of U.S.\$1,350,000 outstanding, which currently matures on April 1, 2017 and is convertible into 450,000 common shares at a conversion price of U.S.\$3.00 per common share at the option of the holder.

- (2) Does not include any common shares issuable to Drs. Isa and Amina Odidi upon exercise of outstanding options or the conversion of an outstanding convertible debenture.

PARTICULARS OF MATTERS TO BE ACTED ON

Unless otherwise stated in this Management Proxy Circular, Management is not aware of any material interest, direct or indirect, by way of beneficial ownership of common shares or otherwise, of any director or officer of the Company at any time since the beginning of the Company's last financial year, of any proposed nominee for election as a director of the Company, or of any associate or affiliate of any such person, in any matter to be acted upon at the Meeting other than the election of directors or the reappointment of the auditor.

Background

It should be noted that the Company was formed on October 22, 2009. On October 19, 2009, the shareholders of Intellipharmaceutics Ltd. ("**IPC Ltd.**") and Vasogen Inc. ("**Vasogen**") approved a plan of arrangement and merger (the "**IPC Arrangement Transaction**") whereby IPC Ltd. combined with Vasogen to continue as a publicly traded entity called "Intellipharmaceutics International Inc." The arrangement resulted in IPC Ltd. and Intellipharmaceutics Corp. combining with 7231971 Canada Inc., a new Vasogen company that acquired substantially all of the assets and certain liabilities of Vasogen, including the proceeds from its non-dilutive financing transaction with Cervus LP. The completion of the IPC Arrangement Transaction on October 22, 2009 resulted in the Company, which is incorporated under the laws of Canada and trades on the Toronto Stock Exchange ("**TSX**") and NASDAQ.

1. Election of Directors

The articles of arrangement dated October 22, 2009 of the Company provide for a minimum of three (3) and a maximum of ten (10) directors. Effective the completion of the IPC Arrangement Transaction, the following persons became the first directors of the Company: Dr. Isa Odidi, Dr. Amina Odidi, John N. Allport, Kenneth Keirstead, Bahadur Madhani and Dr. Eldon Smith.

The board of directors of the Company (the "**Board**") has fixed at six (6) the number of directors to be elected at the Meeting. **Unless authority to vote is withheld, the persons named in the accompanying form of proxy will vote FOR the election of each of the six nominees whose names are set forth below.**

All of the nominees are now members of the Board and have been since the dates indicated. Management does not contemplate that any of the nominees will be unable to serve as directors, but if that should occur for any reason prior to the Meeting, the persons named in the accompanying form of proxy reserve the right to vote for another nominee, if any, at their discretion, unless the shareholder has specified in the form of proxy that such shareholder's shares are to be withheld from voting on the election of directors.

The following table and the notes thereto state the names of all persons proposed to be nominated for election as directors, their place of residence, and all other positions and offices with the Company now held by them, their principal occupations or employments and abbreviated biographies, other public company boards on which they serve, their periods of service as directors of the Company or its predecessor, Intellipharmaceutics Ltd., the number of common shares of the Company beneficially owned, controlled or directed, directly or indirectly, by each of them as at the date of this Management Proxy Circular, and their attendance record at Board meetings during the period December 1, 2015 to fiscal year end, November 30, 2016.

Each proposed director will hold office until the next annual meeting of shareholders or until his successor is duly elected, unless prior thereto the director resigns or the director's office becomes vacant.

Name and Position with the Company and Place of Residence	Principal Occupation and Biography	Other Public Company Boards	Director Since Common shares beneficially owned or controlled or directed ⁽¹⁾ Board Meeting Attendance (including telephone meetings) ⁽²⁾
Dr. Isa Odidi Director and Chairman of the Board and Chief Executive Officer Ontario, Canada	Dr. Isa Odidi is Chairman of the Board and Chief Executive Officer of the Company. He was a co-founder, and has been an officer and/or a director of the Company or its predecessors since 1998. From 1995 to 1998, Dr. Odidi held positions, first as Director, then as Vice President of Research of Drug Development and New Technologies, at Biovail Corporation International (since merged into Valeant Pharmaceuticals International, Inc.), a drug delivery company. Prior to 1995, Dr. Odidi held senior positions in academia and in the pharmaceutical and health care industries. He currently holds a Chair as Professor of Pharmaceutical Technology at the Toronto Institute of Pharmaceutical Technology in Canada, and is an Adjunct Professor at the Institute for Molecular Medicine in California. Dr. Odidi received his B.Sc. degree in Pharmacy, and his M.Sc. in Pharmaceutical Technology and his Ph.D. in Pharmaceutics from the University of London. Dr. Odidi is also a graduate of the Ivey Executive Management Program from Ivey School of Business, and obtained his MBA from the Rotman School of Management at the University of Toronto.	None	September 2004 5,781,312 ⁽³⁾ 3 of 3
Dr. Amina Odidi Director and President and Chief Operating Officer Ontario, Canada	Dr. Amina Odidi is President and Chief Operating Officer of the Company. She was a co-founder, and has been an officer and/or a director of the Company or its predecessors since 1998. She has extensive experience developing and applying proprietary technologies to the development of controlled-release drug products for third-party pharmaceutical companies. She has invented or co-invented various proprietary controlled delivery devices for the delivery of pharmaceutical, nutraceutical, biological, agricultural and chemical agents. Previously she has worked for the pharmaceutical and health care industry. She has co-authored articles, papers and textbooks. She received her B.Sc. in Pharmacy, M.Sc. in Biopharmaceutics, and her Ph.D. in Pharmaceutics from the University of London.	None	September 2004 5,781,312 ⁽³⁾ 3 of 3
John Allport ⁽⁴⁾ Director Ontario, Canada	Mr. Allport is Vice-President, Legal Affairs and Licensing for the Company. He has been an officer and/or a director of the Company or its predecessors since 1998. Mr. Allport has in excess of twenty years' experience in the field of intellectual property law as a litigator with the international IP firm Sim Lowman Ashton & McKay LLP of Toronto, acting for and against many Fortune 500 companies. In that position, he also assisted in the creation and exploitation of the extensive IP licensing interests of such international licensing giants as Walt Disney Corporation, the Canadian Olympic Association and the World Wildlife Fund.	None	September 2004 110,558 ⁽⁵⁾ 3 of 3
Bahadur Madhani ⁽⁶⁾ Director Ontario, Canada	Mr. Madhani is President and CEO of Equiprop Management Limited, a consulting business. He was previously a member of the advisory board of Quebecor Ontario. Mr. Madhani has also served as former Chairman of United Way of Toronto, former Chair of the YMCA of Greater Toronto, former Chair of the Nelson Mandela Children's Fund of Canada, and former Chair and Vice-Chair of YMCA Canada and former Chair, Toronto Grants Review Team of the Ontario Trillium Foundation. He was awarded membership in the Order of Canada in 2001.	None	March 2006 7,507 ⁽⁷⁾ 3 of 3
Kenneth Keirstead ⁽⁴⁾⁽⁶⁾ Director New Brunswick, Canada	Mr. Keirstead is Executive Manager of the Lyceum Group, a consulting business. He was President and CEO, Sanofi Winthrop Canada Inc.; General Manager, Squibb Medical Systems International; President, Chemfet International and	None	January 2006 Nil ⁽⁸⁾

Name and Position with the Company and Place of Residence	Principal Occupation and Biography	Other Public Company Boards	Director Since Common shares beneficially owned or controlled or directed ⁽¹⁾ Board Meeting Attendance (including telephone meetings) ⁽²⁾
	President, Quinton Instruments among other positions. Mr. Keirstead has published studies and reports on health care and related services topics.		3 of 3
Dr. Eldon R. Smith ⁽⁴⁾⁽⁶⁾ Director Alberta, Canada	Dr. Smith is President and CEO of Eldon R. Smith and Associates Ltd., a consulting business, and professor emeritus at the University of Calgary, Faculty of Medicine, where he served as the Dean of the Faculty of Medicine subsequent to being Head of the Department of Medicine and the Division of Cardiology. Dr. Smith is past President of the Canadian Cardiovascular Society and served as Chairman of the Scientific Review Committee of the Heart and Stroke Foundation of Canada. Dr. Smith was appointed as an Officer of the Order of Canada in November 2005.	Logiq Asset Management Inc. (formerly Aston Hill Financial Inc.); Resverlogix Corp.	October 2009 21,731 ⁽⁹⁾ 3 of 3

Notes:

- (1) The information as to common shares beneficially owned, controlled or directed, directly or indirectly, not being within the knowledge of the Company, has been furnished by each director individually.
- (2) Committee meetings were held on an as-needed basis throughout the year and are not reflected in these numbers.
- (3) Drs. Isa and Amina Odidi and Odidi Holdings Inc., a privately-held company controlled by Drs. Isa and Amina Odidi, collectively owned or controlled or directed in the aggregate directly and indirectly 5,781,312 common shares and collectively beneficially owned in the aggregate approximately 9,552,464 common shares including common shares issuable upon the exercise of outstanding options and the conversion of an outstanding convertible debenture.
- (4) Member of the Company's corporate governance committee (the "**Corporate Governance Committee**").
- (5) Mr. Allport also holds 420,000 options to purchase common shares, of which 402,000 are currently exercisable.
- (6) Member of the Company's audit committee (the "**Audit Committee**") and the Company's compensation committee (the "**Compensation Committee**").
- (7) Mr. Madhani also holds 165,000 options to purchase common shares, of which 154,000 are currently exercisable.
- (8) Mr. Keirstead also holds 165,000 options to purchase common shares, of which 154,000 are currently exercisable.
- (9) Mr. Smith also holds 165,000 options to purchase common shares, of which 154,000 are currently exercisable.

The Board adopted a policy on majority voting in March 2016. If, in an uncontested election of directors, a nominee is not elected by at least a majority (50% + 1 vote) of the votes cast with respect to his or her election, he or she will immediately tender to the Board his or her resignation as a director. The Corporate Governance Committee of the Board will then consider the circumstances surrounding the resignation and the director's ability to continue to serve effectively as member of the Board, and then make a recommendation to the Board as to whether the Board should accept the director's resignation. The Board will then determine whether or not to accept the resignation within 90 days after the date of the relevant shareholders' meeting. Absent exceptional circumstances, the Board will accept the resignation. The Company will promptly issue a news release with the Board's decision. If the Board determines not to accept a resignation, the news release will fully state the reasons for that decision.

2. Appointment and Remuneration of Auditor

The Company's auditor is MNP LLP ("**MNP**"), Independent Registered Public Accounting Firm, 111 Richmond Street West, Suite 300, Toronto, ON M5H 2G4. MNP was first appointed as auditor of the Company on July 27, 2016 after Deloitte LLP ("**Deloitte**"), the Company's former auditor, agreed to resign. Deloitte had served as the Company's auditor since October 22, 2009 up to its resignation on July 27, 2016. In accordance with National Instrument 51-102 - *Continuous Disclosure Obligations* ("**NI 51-102**"), a copy of the "reporting package" in respect of the change of auditors is attached as Schedule B, which includes the following: the Company's notice of change of auditor dated July 28, 2016 and letters from each of Deloitte and MNP dated July 28, 2016 and July 29, 2016,

respectively. As noted in the reporting package, no reportable events (within the meaning of NI 51-102) have occurred and Deloitte did not express a modified opinion on any of its reports on the Company's financial statements for the financial years ended November 30, 2015 and 2014.

Unless authority to vote is withheld, the persons named in the accompanying form of proxy intend to vote FOR the reappointment of MNP, Chartered Professional Accountants, as the auditor of the Company, to hold office until the next annual meeting of the shareholders and to authorize the directors to fix the auditor's remuneration.

The following table summarizes the total fees paid or accrued by the Company for audit and other services provided by MNP, in relation to the fiscal year ended November 30, 2016, and Deloitte, in relation to the fiscal years ended November 30, 2016 and 2015:

	2016	2016	2015
	MNP LLP	Deloitte LLP	Deloitte LLP
Audit Fees ⁽¹⁾	C\$128,400	C\$124,387	C\$292,900
Audit-Related Fees ⁽²⁾	C\$93,854	C\$174,738	C\$217,855
Tax Fees ⁽³⁾	-	C\$45,460	C\$38,160
All Other Fees ⁽⁴⁾	C\$24,075	-	C\$10,204
Total Fees	<u>C\$246,329</u>	<u>C\$344,585</u>	<u>C\$559,119</u>

Notes:

- (1) Audit fees consist of fees related to the audit of the Company's consolidated financial statements.
- (2) Audit-related fees consist of consultation on accounting and disclosure matters and reviews of quarterly interim financial statements, prospectus and base shelf activities and Form 20-F reviews.
- (3) Tax fees consist of fees for tax consultation, tax advice and tax compliance services for the Company and its subsidiaries.
- (4) All other fees related to Canadian Public Accountability Board fees and/or internal control reviews.

EXECUTIVE COMPENSATION

Compensation Discussion and Analysis

Background

The Company is a pharmaceutical company specializing in the research, development and manufacture of novel and generic controlled-release and targeted-release oral solid dosage drugs. The Company's patented Hypermatrix™ technology is a multidimensional controlled-release drug delivery platform that can be applied to the efficient development of a wide range of existing and new pharmaceuticals. Based on this technology platform, the Company has developed several drug delivery systems and a pipeline of products (some of which have received approval from the United States Food and Drug Administration ("FDA")) and product candidates in various stages of development, including abbreviated new drug applications filed with the FDA (and one abbreviated new drug submission filed with Health Canada) and one new drug application filing in therapeutic areas that include neurology, cardiovascular, gastrointestinal tract, diabetes and pain. As of November 30, 2016, the Company had 54 full-time employees engaged in administration and research and development.

Compensation Governance

The Company's Compensation Committee is comprised of three directors, Messrs. Madhani, Keirstead and Smith, each of whom is considered "independent" within the meaning of section 2.4 of Form 51-102F6 – *Statement of Executive Compensation*. Each member of the Compensation Committee has sufficient experience in order to make decisions on the suitability of the Company's compensation policies and practices. See the biography of each member of the Compensation Committee under the heading "*Election of Directors*".

The Compensation Committee recommends compensation policies concerning officers and senior management to the Board. The Corporate Governance Committee recommends compensation policies concerning independent directors to the Board. The Board makes the final determinations regarding the adequacy and form of the compensation for non-executive directors to ensure that such compensation realistically reflects the responsibilities and risks involved, without compromising a director's independence. Further details relating to the role and function of the Compensation Committee and the Corporate Governance Committee is provided in Schedule A to this Management Proxy Circular.

Risk Management

The Board is responsible for identifying the principal risks of the Company's business and ensuring the implementation of appropriate systems to manage these risks. Through the Compensation Committee, the Board is involved in the design of compensation policies to meet the specific compensation objectives discussed below and considers the risks relating to such policies, if any. The Compensation Committee is ultimately responsible for ensuring compliance of the compensation policies and practices of the Company. To date, the Board and Compensation Committee have not identified any risks arising from the Company's compensation policies and practices that would be reasonably likely to have a material adverse effect on the Company.

Objectives

The overall objectives of the Company's compensation program include: (a) attracting and retaining talented executive officers; (b) aligning the interests of those executive officers with those of the Company; and (c) linking individual executive officer compensation to the performance of the Company. The Company's compensation program is currently designed to compensate executive officers for performance of their duties and to reward certain executive officers for performance relative to certain milestones applicable to their services.

Elements of Compensation

The elements of compensation awarded to, earned by, paid to, or payable to the Named Executive Officers (as hereinafter defined) for the most recently completed financial year are: (a) base salary and discretionary bonuses; (b) long-term incentives in the form of stock options; (c) restricted share unit awards ("**RSUs**"); and (d) perquisites and personal benefits. The Company chose each of these elements because they help to fulfill the objectives of the Company's compensation program listed above. Prior to the most recently completed financial year, the Named Executive Officers have also received option-based awards which were assumed by the Company pursuant to the plan of arrangement completed on October 22, 2009.

Base Salary and Discretionary Bonus

Base salary is a fixed element of compensation payable to each Named Executive Officer for performing his or her position's specific duties. The amount of base salary for a Named Executive Officer has been determined through negotiation of an employment agreement with each Named Executive Officer (see "*Employment Agreements*" below). While base salary is intended to fit into the Company's overall compensation objectives by serving to attract and retain talented executive officers, the size of the Company and the nature and stage of its business also impact the level of base salary. To date, the level of base salary has not impacted the Company's decisions about any other element of compensation and the Board may consider discretionary bonuses for individual employees based on exceptional performance by such individuals in a particular fiscal year.

Option-Based Awards

Option-based awards are a variable element of compensation that rewards each Named Executive Officer for individual and corporate performance overall determined by the Board. Option-based awards are intended to fit into the Company's overall compensation objectives by aligning the interests of all Named Executive Officers with those of the Company, and linking individual Named Executive Officer compensation to the performance of the Company. The Board, which includes three of the five Named Executive Officers, is responsible for setting and amending any equity incentive plan under which an option-based award is granted.

The Company has in place a stock option plan (the “**Option Plan**”) for the benefit of certain officers, directors, employees and consultants of the Company, including the Named Executive Officers (as described in greater detail under the heading “*Share-based and Option-based Awards*”). Named Executive Officers have been issued options under such plan.

The Company has also granted performance-based options to Dr. Isa Odidi and Dr. Amina Odidi pursuant to a separate option agreement, which was negotiated at the same time as their employment agreements. These options vest upon the Company attaining certain milestones relating to FDA filings and approvals for the development of Company drugs, such that 276,394 options vest in connection with each of the FDA filings for the first five Company drugs and 276,394 options vest in connection with each of the FDA approvals for the first five Company drugs. As of the date hereof, 2,211,152 of these options have vested and are exercisable.

The Option Plan was adopted effective October 22, 2009 as part of the IPC Arrangement Transaction approved by the shareholders of Intellipharma Ltd., our predecessor company, at the meeting of shareholders on October 19, 2009. Subject to the requirements of the Option Plan, the Board, with the assistance of the Compensation Committee, has the authority to select those directors, officers, employees and consultants to whom options will be granted, the number of options to be granted to each person and the price at which common shares of the Company may be purchased. Grants are determined based on individual and aggregate performance as determined by the Board.

Restricted Share Units

The Company established a plan for RSUs (the “**RSU Plan**”) to form part of its incentive compensation arrangements available for officers and employees of the Company and its designated affiliates (as described in greater detail under the heading “*Share-based and Option-based Awards*”) as of May 28, 2010, when the RSU Plan received shareholder approval.

Perquisites and Personal Benefits

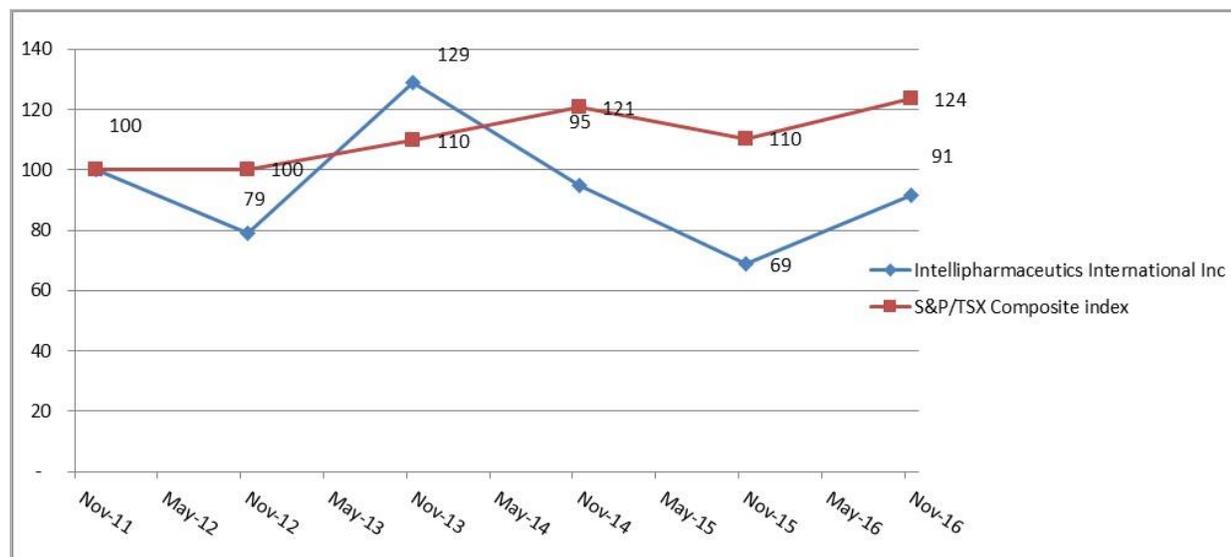
The Company also provides perquisites and personal benefits to its Named Executive Officers, including basic employee benefit plans, which are available to all employees, and a car allowance to cover the cost of an automobile for business purposes. These perquisites and personal benefits were determined through negotiation of an employment agreement with each Named Executive Officer (see “*Employment Agreements*” below). While perquisites and personal benefits are intended to fit into the Company’s overall compensation objectives by serving to attract and retain talented executive officers, the size of the Company and the nature and stage of its business also impact the level of perquisites and benefits. To date, the level of perquisites and benefits has not impacted the Company’s decisions about any other element of compensation.

Other Compensation-Related Matters

The Company’s Share Trading Policy prohibits all directors and officers of the Company from, among other things, engaging in any short sales designed to hedge or offset a decrease in market value of the securities of the Company.

Performance Graph

The performance graph presented illustrates the cumulative total shareholder return of a \$100 investment in Canadian dollars in the Company's common shares over the five most recently completed fiscal years, compared with the cumulative total return of the S&P/TSX Composite Index.



The trend in total shareholder return each year is generally consistent with the trend in the Company's total compensation of Named Executive Officers (as reflected below under the heading "*Summary Compensation Table*"). This makes sense as a substantial portion of Named Executive Officers' total compensation is linked to the Company's performance and share price. See the above discussion under the heading "*Compensation Discussion and Analysis*".

Share-based and Option-based Awards

Grants of stock options and RSUs are determined by the Board with the assistance of the Compensation Committee and, where applicable, in accordance with the terms of the Option Plan and the RSU Plan, as described below. To date previous grants have been taken into account when considering new grants.

Employee Stock Option Plan

The Option Plan was adopted effective October 22, 2009 as part of the IPC Arrangement Transaction approved by the shareholders of Intellipharmaceuticals Ltd., our predecessor company, at the meeting of shareholders on October 19, 2009. Subject to the requirements of the Option Plan, the Board, with the assistance of the Compensation Committee, has the authority to select those directors, officers, employees and consultants to whom options will be granted, the number of options to be granted to each person and the price at which common shares of the Company may be purchased. Grants are determined based on individual and aggregate performance as determined by the Board.

The key features of the Option Plan are as follows:

- The eligible participants are full-time and part-time employees, officers and directors of, or consultants to, the Company or its affiliates, which may be designated from time to time by the Board.
- The fixed maximum percentage of common shares issuable under the Option Plan is 10% of the issued and outstanding common shares from time to time. The Option Plan will automatically "reload" after the exercise of an option provided that the number of common shares issuable under the Option Plan does not then exceed the maximum percentage of 10%.

- There are no restrictions on the maximum number of options which may be granted to insiders of the Company other than not more than 1% of the total common shares outstanding on a non-diluted basis can be issued to non-executive directors of the Company pursuant to options granted under the Option Plan and the value of any options granted to any non-executive director of the Company, shall not, on an annual basis, exceed \$100,000.
- The Board determines the exercise price of each option at the time the option is granted, provided that such price is not lower than the “market price” of common shares at the time the option is granted. “Market price” means the volume weighted average trading price of common shares on the TSX, or another stock exchange where the majority of the trading volume and value of common shares occurs, for the five trading days immediately preceding the relevant date, calculated in accordance with the rules of such stock exchange.
- Unless otherwise determined by the Board, each option becomes exercisable as to 33^{1/3}% on a cumulative basis, at the end of each of the first, second and third years following the date of grant.
- The period of time during which a particular option may be exercised is determined by the Board, subject to any Employment Contract or Consulting Contract (both as hereinafter defined), provided that no such option term shall exceed 10 years.
- If an option expiration date falls within a “black-out period” (a period during which certain persons cannot trade common shares pursuant to a policy of the Company’s respecting restrictions on trading), or immediately following a black-out period, the expiration date is automatically extended to the date which is the tenth business day after the end of the black-out period.
- Options may terminate prior to expiry of the option term in the following circumstances:
 - on death of an optionee, options vested as at the date of death are immediately exercisable until the earlier of 180 days from such date and expiry of the option term; and
 - if an optionee ceases to be a director, officer, employee or consultant of the Company for any reason other than death, including receipt of notice from the Company of the termination of his, her or its Employment Contract or Consulting Contract (as defined below), options vested as at the date of termination are exercisable until the earlier of 120 days following such date and expiry of the option term,

subject however to any contract between the Company and any employee relating to, or entered into in connection with, the employment of the employee or between the Company and any director with respect to his or her directorship or resignation there from (an “**Employment Contract**”), any contract between the Company and any consultant relating to, or entered into in connection with, services to be provided to the Company (a “**Consulting Contract**”) or any other agreement to which the Company is a party with respect to the rights of such person upon termination or change in control of the Company.

- Options and rights related thereto held by an optionee are not to be assignable or transferable except on the death of the optionee.
- If there is a take-over bid (within the meaning of the *Securities Act* (Ontario)) made for all or any of the issued and outstanding common shares of the Company, then all options outstanding become immediately exercisable in order to permit common shares issuable under such options to be tendered to such bid.
- If there is a consolidation, merger, amalgamation or statutory arrangement involving the Company, separation of the business of the Company into two or more entities or sale of all or substantially all of the assets of the Company to another entity, the optionees will receive, on exercise of their options, the consideration they would have received had they exercised their options immediately prior to such event. In such event and in the event of a securities exchange take-over bid, the Board may, in certain circumstances, require optionees to surrender their options if replacement options are provided. In the context of a cash

take-over bid for 100% of the issued and outstanding common shares of the Company, optionees may elect to conditionally surrender their options or, if provided for in an agreement with the offeror, automatically exchange their options for options of the offeror.

- The Board may from time to time in its absolute discretion amend, modify and change the provisions of the Option Plan or any options granted pursuant to the Option Plan, provided that any amendment, modification or change to the provisions of the Option Plan or any options granted pursuant to the Option Plan shall:

- not adversely alter or impair any option previously granted;
- be subject to any regulatory approvals, where required, including, where applicable, the approval of the TSX and/or such other exchange as may be required; and
- not be subject to shareholder approval in any circumstances, except where the amendment, modification or change to the Option Plan or option would:
 - i. reduce the exercise price of an option held by an insider of the Company;
 - ii. extend the term of an option held by an insider beyond the original expiration date (subject to such date being extended in a black-out extension situation);
 - iii. increase the fixed maximum percentage of common shares issuable under the Option Plan; or
 - iv. amend the amendment provision of the Option Plan;

in which case the amendment, modification or change will be subject to shareholder approval in accordance with the rules of the TSX and/or such other exchange as may be required. Amendments to the Option Plan not requiring shareholder approval may for example include, without limitation:

- amendments of a “housekeeping nature”, including any amendment to the Option Plan or an option that is necessary to comply with applicable law or the requirements of any regulatory authority or stock exchange;
- changes to the exercise price of an option to an exercise price not below the “market price” unless the change is a reduction in the exercise price of an option held by an insider of the Company;
- amendments altering, extending or accelerating any vesting terms or conditions in the Option Plan or any options;
- changes amending or modifying any mechanics for exercising an option;
- amendments changing the expiration date (including acceleration thereof) or changing any termination provision in any option, provided that such change does not entail an extension beyond the original expiration date of such option (subject to such date being extended in a black-out extension situation);
- amendments introducing a cashless exercise feature, payable in securities, whether or not such feature provides for a full deduction of the number of underlying securities from the Option Plan maximum;
- amendments changing the application of the provisions of the Option Plan dealing with adjustments in the number of shares, consolidations and mergers and take-over bids;

- amendments adding a form of financial assistance or amending a financial assistance provision which is adopted;
- amendments changing the eligible participants of the Option Plan; and
- amendments adding a deferred or restricted share unit provision or any other provision which results in participants receiving securities while no cash consideration is received by the Company.

The Board may discontinue the Option Plan at any time without consent of the participants under the Option Plan provided that such discontinuance shall not adversely alter or impair any option previously granted.

A copy of the Option Plan is available upon request in writing to the Chief Financial Officer of the Company at 30 Worcester Road, Toronto, Ontario, M9W 5X2 or on www.sedar.com.

The 3,015,584 shares that are currently authorized for issuance under the Option Plan represent 10% of the common shares issued and outstanding as at the Record Date. Of the options authorized for issuance under the Option Plan, a total of 2,621,344 have been issued, representing 8.7% of the common shares issued and outstanding as of the date of this Management Proxy Circular. As of the date of this Management Proxy Circular, 156,500 options have been exercised under the Plan.

The Company has also granted performance-based options to Dr. Isa Odidi and Dr. Amina Odidi pursuant to a separate option agreement, which was negotiated at the same time as their employment agreements. These options vest upon the Company attaining certain milestones relating to FDA filings and approvals for the development of Company drugs, such that 276,394 options vest in connection with each of the FDA filings for the first five Company drugs and 276,394 options vest in connection with each of the FDA approvals for the first five Company drugs. To date, the level of these performance-based options has been taken into account by the Board and impacted the Company's decisions about base salary and option-based awards under the Option Plan for the said Named Executive Officers.

Restricted Share Unit Awards for Officers & Employees

The Company established the RSU Plan to form part of its incentive compensation arrangements available for officers and employees of the Company and its designated affiliates as of May 28, 2010, when the RSU Plan received shareholder approval.

The key features of the RSU Plan are as follows:

- The stated purpose of the RSU Plan is to advance the interests of the Company through the motivation, attraction and retention of employees and officers of the Company and the designated affiliates of the Company and to secure for the Company and the shareholders of the Company the benefits inherent in the ownership of common shares by employees and officers of the Company, it being generally recognized that share incentive plans aid in attracting, retaining and encouraging employees and officers due to the opportunity offered to them to acquire a proprietary interest in the Company and to align their interests with those of the Company.
- Employees and officers, including both full-time and part-time employees, of the Company and any designated affiliate of the Company, but not any directors of the Company, are eligible to participate under the RSU Plan. By the terms of the RSU Plan, Dr. Isa Odidi, the Chief Executive Officer of the Company, and Dr. Amina Odidi, the President and Chief Operating Officer of the Company, are specifically not eligible to participate.
- The RSU Plan is administered by the Board or a committee thereof, which will determine, from time to time, who may participate in the RSU Plan, the number of RSUs to be awarded and the terms of each RSU, all such determinations to be made in accordance with the terms and conditions of the RSU Plan, based on individual and/or corporate performance factors as determined by the Board.

- The number of common shares available for issuance upon the vesting of RSUs awarded under the RSU Plan is limited to an aggregate of 330,000 common shares of the Company representing approximately 1.4% of the issued and outstanding common shares of the Company as of the Record Date.
- A separate notional account will be maintained for each participant under the RSU Plan. Each such account will be credited with RSUs awarded to the participant from time to time by way of a bookkeeping entry in the books of the Company. On the vesting of the RSUs and the corresponding issuance of common shares to the participant, or on the forfeiture and cancellation of the RSUs, the RSUs credited to the participant's account will be cancelled.
- At the time of the award of RSUs, the Board will determine in its sole discretion the vesting criteria (whether based on time or performance measures of individual and/or corporate performance) applicable to the awarded RSUs. Unless otherwise determined by the Board at the time of the award, RSUs will vest in respect of 33 1/3 % of the common shares subject to the RSUs on the first day after each of the first three anniversaries of the award date of such RSU. Notwithstanding the foregoing, all vesting and issuances or payments, as applicable, will be completed no later than December 15 of the third calendar year commencing after an award date.
- The RSU Plan provides that any unvested RSUs will vest at such time as determined by the Board in its sole discretion such that participants in the RSU Plan will be able to participate in a change of control transaction, including by surrendering such RSUs to the Company or a third party or exchanging such RSUs, for consideration in the form of cash and/or securities.
- Under the RSU Plan, should the vesting of an RSU fall within a blackout period or within nine business days following the expiration of a blackout period, the vesting will be automatically extended to the tenth business day after the end of the blackout period.
- If an “event of termination” of employment has occurred, any and all common shares corresponding to any vested RSUs in a participant's account, if any, will be issued as soon as practicable after the event of termination to the former participant. If an event of termination has occurred, any unvested RSUs in the participant's account will, unless otherwise determined by the Board in its discretion, forthwith and automatically be forfeited by the participant and cancelled. Notwithstanding the foregoing, if a participant is terminated for just cause, each unvested RSU in the participant's account will be forfeited by the participant and cancelled. An “**event of termination**” is defined under the RSU Plan as an event whereby a participant ceases to be eligible under the RSU Plan and is deemed to have occurred by the giving of any notice of termination of employment (whether voluntary or involuntary and whether with or without cause), retirement, or any cessation of employment for any reason whatsoever, including disability or death.
- No rights under the RSU Plan and no RSUs awarded pursuant to the provisions of the RSU Plan are assignable or transferable by any participant other than pursuant to a will or by the laws of descent and distribution.
- Under the RSU Plan, the Board may from time to time in its absolute discretion amend, modify and change the provisions of the RSU Plan or any RSUs awarded pursuant to the Plan, provided that any amendment will:
 - not adversely alter or impair any RSU previously awarded except as permitted by the adjustment provisions in the RSU Plan;
 - be subject to any regulatory approvals including, where required, the approval of the TSX;
 - be subject to shareholder approval in accordance with the rules of the TSX in circumstances where the amendment, modification or change to the RSU Plan or RSUs would:

- i. allow for the assignment or transfer of any right under the RSU Plan or a RSU awarded pursuant to the provisions of the RSU Plan other than as provided for under the assignability provisions in the RSU Plan;
 - ii. increase the fixed maximum number of common shares which may be issued pursuant to the RSU Plan; or
 - iii. amend the amendment provisions of the RSU Plan; and
- not be subject to shareholder approval in circumstances (other than those listed in the paragraph immediately above), including, but not limited to, circumstances where the amendment, modification or change to the RSU Plan or RSU would:
 - i. be of a “housekeeping nature”, including any amendment to the RSU Plan or a RSU that is necessary to comply with applicable law or the requirements of any regulatory authority or stock exchange and any amendment to the RSU Plan or a RSU to correct or rectify any ambiguity, defective provision, error or omission therein, including any amendment to any definitions therein;
 - ii. alter, extend or accelerate any vesting terms or conditions in the RSU Plan or any RSU;
 - iii. change any termination provision in any RSU;
 - iv. introduce features to the RSU Plan that would permit the Company to, instead of issuing common shares from treasury upon the vesting of the RSUs, retain a broker and make payments for the benefit of participants to such broker who would purchase common shares through the facilities of the TSX for such participants;
 - v. introduce features to the RSU Plan that would permit the Company to, instead of issuing common shares from treasury upon the vesting of the RSUs, make lump sum cash payments to participants;
 - vi. change the application of the adjustment provisions of the RSU Plan or the change of control provisions of the RSU Plan; or
 - vii. change the eligible participants under the RSU Plan.

A copy of the RSU Plan is available upon request in writing to the Chief Financial Officer of the Company at 30 Worcester Road, Toronto, Ontario, M9W 5X2.

The 330,000 common shares that are currently authorized for issuance under the RSU Plan represent approximately 1.4% of the Company’s common shares issued and outstanding as at the Record Date. No RSUs have been issued and none are outstanding as at the Record Date.

Summary Compensation Table

The following table sets forth all direct and indirect compensation for, or in connection with, services provided to the Company for the financial years ended November 30, 2016, November 30, 2015 and November 30, 2014 in respect of the Chief Executive Officer of the Company, the Chief Financial Officer and two other officers of the Company who earned greater than \$150,000 in total compensation in the fiscal year ended November 30, 2016 (“**Named Executive Officers**”).

Name and principal position (a)	Year (b)	Salary (U.S.\$) ⁽¹⁾ (c)	Share-based awards (U.S.\$) (d)	Option-based awards (U.S.\$) ⁽²⁾ (e)	Non-equity incentive plan compensation (U.S.\$) (f)		Pension value (U.S.\$) (g)	All other compensation (U.S.\$) ⁽⁴⁾ (h)	Total compensation (U.S.\$) (i)
					Annual incentive plans ⁽³⁾	Long-term incentive plans			
Dr. Isa Odidi, Chairman & Chief Executive Officer	2016	340,464	N/A	703,016	340,464	N/A	N/A	13,558	1,397,502
	2015	358,617	N/A	68,644	N/A	N/A	N/A	14,678	441,939
	2014	581,965	N/A	99,615	182,299	N/A	N/A	10,938	775,202
Dr. Amina Odidi, President & Chief Operating Officer	2016	340,464	N/A	703,016	340,464	N/A	N/A	13,558	1,397,502
	2015	358,617	N/A	68,644	N/A	N/A	N/A	14,678	441,939
	2014	581,965	N/A	99,615	182,299	N/A	N/A	10,938	775,202
John Allport, VP Legal Affairs & Licensing	2016	109,220	N/A	50,346	56,493	N/A	N/A	13,558	229,617
	2015	115,043	N/A	39,225	N/A	N/A	N/A	14,678	168,946
	2014	132,167	N/A	99,615	91,149	N/A	N/A	10,938	333,869
Domenic Della Penna, Chief Financial Officer ⁽⁵⁾	2016	225,972	N/A	64,076	112,986	N/A	N/A	13,558	416,592
	2015	218,185	N/A	76,810	N/A	N/A	N/A	14,281	309,276
	2014	5,222	N/A	34,573	N/A	N/A	N/A	342	40,137

Notes:

- (1) Salaries paid by the Company to each Named Executive Officer are paid in Canadian dollars. All amounts are expressed in U.S. dollars converted at the exchange rate of U.S.\$ 0.7532 to C\$1.00 (2015 – U.S.\$0.7934; 2014 – U.S.\$0.9115) being the average closing exchange rate quoted by the Bank of Canada for the respective periods. Salary includes all amounts paid or payable to the Named Executive Officer. Actual amount paid to each Named Executive Officer in fiscal 2016, 2015 and 2014 are as disclosed in the table.
- (2) The Company entered into a separate acknowledgement and agreement with Drs. Isa and Amina Odidi dated October 22, 2009 to be bound by the performance-based stock option agreement dated September 10, 2004 pursuant to which Drs. Isa and Amina Odidi are entitled to purchase up to 2,763,940 of the Company's common shares upon payment of U.S.\$3.62 per share, subject to satisfaction of the performance vesting conditions. The value of the option-based awards are determined using the Black-Scholes pricing model calculated as at the award date.
- (3) Amount awarded at the discretion of the Board. This bonus was paid in the second quarter of 2017.
- (4) "All other compensation" includes car allowances and other miscellaneous benefits.
- (5) Mr. Della Penna was appointed as Chief Financial Officer of the Company effective November 24, 2014.

Significant factors necessary to understand the information disclosed in the Summary Compensation Table above include the terms of each Named Executive Officer's employment agreement and the terms of the separate agreement relating to performance-based options applicable to Drs. Isa and Amina Odidi described below.

Employment Agreements

The employment agreement with Dr. Isa Odidi, the Chief Executive Officer of the Company, effective September 1, 2004 entitles Dr. Isa Odidi to receive a base salary of U.S.\$200,000 per year, which is paid in Canadian dollars, to be increased annually each year during the term of the agreement by twenty percent of the prior year's salary. In addition, he is entitled to: (a) participate in the Option Plan; (b) participate in all employee benefit plans and programs, except for the RSU Plan and DSU Plan (defined herein); and (c) a car allowance of up to U.S.\$1,000 per month. The initial term of the employment agreement was until September 30, 2007, at which time, pursuant to the terms of the agreement, the agreement was deemed to be extended automatically for an additional three-year period on the same terms and conditions (i.e. until September 30, 2010). The agreement will continue to be extended automatically for successive additional three-year periods on the same terms unless the Company gives Dr. Odidi contrary written notice at least two years prior to the date on which the agreement would otherwise be extended. See "Termination and Change of Control Benefits" below. Dr. Odidi's employment agreement was amended on August 1, 2007 and June 8, 2009 to include intellectual property, non-competition and non-solicitation provisions in

favour of the Company. In April 2010, Dr. Isa Odidi offered and agreed to amend his employment agreement effective as of December 1, 2009, to eliminate the right to annual increases in his base salary of twenty per cent each year; and agreed to roll back his base salary effective December 1, 2009 to the level payable under the employment agreement for the period from September 2008 to August 2009, being C\$452,000 per year. Under this amendment, the base salary is open to potential increase on an annual basis at the discretion of the Board and Dr. Isa Odidi is eligible to receive a performance bonus, based on the performance, including that of Dr. Odidi and the Company, as may be determined in the discretion of the Board. In February 2012, Dr. Isa Odidi received a grant of 300,000 options of which 200,000 vested immediately on issuance and the remaining 100,000 options vested on February 17, 2013 at an exercise price of \$3.27 per share. In April 2013, Dr. Isa Odidi received a grant of 75,000 options of which 37,500 vested immediately on issuance and the remaining 37,500 options vested on November 30, 2013 at an exercise price of \$1.81 per share. In March 2014, Dr. Isa Odidi received a grant of 50,000 options of which 25,000 vested immediately on issuance and the remaining 25,000 options vested on November 30, 2014 at an exercise price of \$4.29 per share. In November 2015, Dr. Isa Odidi received a grant of 70,000 options of which 49,000 vested immediately on issuance, with the remaining 21,000 options vested on November 30, 2016 at an exercise price of \$2.52 per share. In August 2016, Dr. Isa Odidi received a grant of 90,000 options of which 60,000 vested immediately on issuance, with the remaining 30,000 to vest on November 30, 2017 at an exercise price of \$2.43 per share.

The employment agreement with Dr. Amina Odidi, the President and Chief Operating Officer of the Company, effective September 1, 2004 entitles Dr. Amina Odidi to receive a base salary of U.S.\$200,000, which is paid in Canadian dollars, per year, to be increased annually each year during the term of the agreement by twenty percent of the prior year's salary. In addition, she is entitled to: (a) participate in the Option Plan; (b) participate in all employee benefit plans and programs, except for the RSU Plan and DSU Plan; and (c) a car allowance of up to U.S.\$1,000 per month. The initial term of the employment agreement was until September 30, 2007, at which time, pursuant to the terms of the agreement, the agreement was deemed to be extended automatically for an additional three-year period on the same terms and conditions (i.e. until September 30, 2010). The agreement will continue to be extended automatically for successive additional three-year periods on the same terms unless the Company gives Dr. Odidi contrary written notice at least two years prior to the date on which the agreement would otherwise be extended. See "*Termination and Change of Control Benefits*" below. Dr. Odidi's employment agreement was amended on August 1, 2007 and June 8, 2009 to include intellectual property, non-competition and non-solicitation provisions in favour of the Company. In April 2010, Dr. Amina Odidi offered and agreed to amend her employment agreement effective as of December 1, 2009, to eliminate the right to annual increases in her base salary of twenty per cent each year; and agreed to roll back her base salary effective December 1, 2009 to the level payable under the employment agreement for the period from September 2008 to August 2009, being C\$452,000 per year. Under this amendment, the base salary is open to potential increase on an annual basis at the discretion of the Board and Dr. Amina Odidi is eligible to receive a performance bonus, based on the performance, including that of Dr. Odidi and the Company, as may be determined in the discretion of the Board. In February 2012, Dr. Amina Odidi received a grant of 300,000 options of which 200,000 vested immediately on issuance and the remaining 100,000 options vested on February 17, 2013 at an exercise price of \$3.27. In April 2013, Dr. Amina Odidi received a grant of 75,000 options of which 37,500 vested immediately on issuance and the remaining 37,500 options vested on November 30, 2013 at an exercise price of \$1.81. In March 2014, Dr. Amina Odidi received a grant of 50,000 options of which 25,000 vested immediately on issuance and the remaining 25,000 options vested on November 30, 2014 at an exercise price of \$4.29. In November 2015 Dr. Amina Odidi received a grant of 70,000 options of which 49,000 vested immediately on issuance, with the remaining 21,000 options vested on November 30, 2016 at an exercise price of \$2.52. In August 2016, Dr. Amina Odidi received a grant of 90,000 options of which 60,000 vested immediately on issuance, with the remaining 30,000 to vest on November 30, 2017 at an exercise price of \$2.43.

In addition, the Company entered into a separate acknowledgement and agreement with Drs. Isa and Amina Odidi dated October 22, 2009 to be bound by the performance-based stock option agreement dated September 10, 2004 pursuant to which Drs. Isa and Amina Odidi are entitled to purchase up to 2,763,940 of the Company's common shares. These options were not granted under the Option Plan. These options vest upon the Company attaining certain milestones related to the FDA filings and approvals for Company drugs. The options are exercisable at a price of U.S.\$3.62 per share and were to expire in September 2014. Effective March 27, 2014, the Company's shareholders approved a two-year extension of the performance-based stock option expiry date to September 2016. Effective April 19, 2016, the Company's shareholders approved a further two year extension of the performance-

based stock option expiry date to September 2018. As of the date hereof, 2,211,152 of these options have vested and are exercisable. These options were not granted under the Option Plan.

The employment agreement with Domenic Della Penna, the Chief Financial Officer of the Company, effective November 24, 2014 entitles Mr. Della Penna to receive a base salary of C\$275,000, which is paid in Canadian dollars, per year and which was increased by the Board on a discretionary basis for 2015 to C\$300,000 and C\$325,000 for 2017 and future years. In addition, he is entitled to: (a) participate in the Option Plan; (b) participate in all employee benefit plans and programs; and (c) a car allowance of C\$1,500 per month. The agreement provides for automatic renewal from year to year in absence of notice of termination from the Company at least 60 days prior to the anniversary date. If the agreement is terminated without cause, it requires payment to Mr. Della Penna based upon a formula that commences with the equivalent of approximately three months' base salary and increases by approximately six weeks of base salary for every full year of service. If such termination without cause occurs within six months of a change of control of the Company that occurs after November 24, 2015, it requires payment to Mr. Della Penna based on a formula that commences with the equivalent of approximately thirteen months' base salary and increases by approximately six weeks for every full year of service. Mr. Della Penna's employment agreement contains intellectual property, non-competition and non-solicitation provisions in favour of the Company. Mr. Della Penna was granted 60,000 options, of which 15,000 vested immediately on issuance, 15,000 vested on November 30, 2015 and the remaining options vest as to 15,000 each year on November 30, 2016 and 2017 at an exercise price of \$3.22 per share. In November 2015, Mr. Della Penna received a grant of 50,000 options of which 35,000 vested immediately on issuance, with the remaining 15,000 options vested on November 30, 2016 at an exercise price of \$2.52 per share. In August 2016, Mr. Della Penna received a grant of 70,000 options, of which 47,000 vested immediately, with the remaining 23,000 to vest on November 30, 2017 at an exercise price of \$2.43 per share.

The employment agreement with John Allport, the Vice President Legal Affairs and Licensing, effective September 1, 2004 entitles Mr. Allport to receive a base salary of C\$95,000, which is paid in Canadian dollars, per year. In addition, he is entitled to: (a) participate in the Option Plan; (b) participate in all employee benefit plans and programs; and (c) a car allowance of C\$1,000 per month. The employment agreement is for an indefinite term subject to termination on six months' notice. In December 2011, Mr. Allport's base salary was increased to C\$145,000. In February 2012, Mr. Allport received a grant of 250,000 options of which 175,000 vested immediately on issuance and the remaining 75,000 options vested on February 17, 2013 at an exercise price of \$3.27 per share. Mr. Allport's employment agreement includes intellectual property, non-competition and non-solicitation provisions in favour of the Company. In April 2013, Mr. Allport received a grant of 25,000 options of which 12,500 vested immediately on issuance and the remaining 12,500 options vested on November 30, 2013 at an exercise price of \$1.81 per share. In March 2014, Mr. Allport received a grant of 50,000 options of which 25,000 vested immediately on issuance and the remaining 25,000 options vested on November 30, 2014 at an exercise price of \$4.29 per share. In November 2015, Mr. Allport received a grant of 40,000 options of which 28,000 vested immediately on issuance, with the remaining 12,000 options vested on November 30, 2016 at an exercise price of \$2.52 per share. In August 2016, Mr. Allport received a grant of 55,000 options of which 37,000 vested on issuance, with the remaining 18,000 to vest on November 30, 2017 at an exercise price of \$2.43 per share.

Incentive Plan Awards

Outstanding Option-Based Awards and Share-Based Awards – The following table sets forth for each Named Executive Officer all awards outstanding at the end of the most recently completed financial year, including awards granted before the most recently completed financial year. Each option grant allows the holder to purchase one of the Company's common shares.

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	Number of shares or units of shares that have not vested (#)	Market or payout value of share-based awards that have not vested
(a)	(b)	(c)	(d)	(e) ⁽²⁾	(f)	(g)
Drs. Isa Odidi and Amina Odidi ⁽¹⁾	2,763,940	US\$3.62	Sept. 10, 2018	N/A	N/A	N/A
Dr. Isa Odidi	300,000	C\$3.27	Feb. 16, 2022	C\$129,000	N/A	N/A
	75,000	C\$1.81	Apr. 13, 2020	C\$141,750	N/A	N/A
	50,000	C\$4.29	Feb. 28, 2019	N/A	N/A	N/A
	70,000	C\$2.52	Nov. 30, 2020	C\$82,600	N/A	N/A
	90,000	C\$2.43	Aug. 31, 2021	C\$114,300	N/A	N/A
Dr. Amina Odidi	300,000	C\$3.27	Feb. 16, 2022	C\$129,000	N/A	N/A
	75,000	C\$1.81	Apr. 13, 2020	C\$141,750	N/A	N/A
	50,000	C\$4.29	Feb. 28, 2019	N/A	N/A	N/A
	70,000	C\$2.52	Nov. 30, 2020	C\$82,600	N/A	N/A
	90,000	C\$2.43	Aug. 31, 2021	C\$114,300	N/A	N/A
John Allport	250,000	C\$3.27	Feb. 16, 2022	C\$107,500	N/A	N/A
	25,000	C\$1.81	Apr. 13, 2020	C\$47,250	N/A	N/A
	50,000	C\$4.29	Feb. 28, 2019	N/A	N/A	N/A
	40,000	C\$2.52	Nov. 30, 2020	C\$47,200	N/A	N/A
	55,000	C\$2.43	Aug. 31, 2021	C\$69,850	N/A	N/A
Domenic Della Penna ⁽³⁾	60,000	C\$3.22	Nov. 30, 2024	C\$28,800	N/A	N/A
	50,000	C\$2.52	Nov. 30, 2020	C\$59,000	N/A	N/A
	70,000	C\$2.43	Aug. 31, 2021	C\$88,900	N/A	N/A

Notes:

- (1) These option-based awards are held jointly.
- (2) The value of unexercised options at year-end is calculated by subtracting the option exercise price from the closing price of the common shares of the Company on the TSX for C\$ exercise prices and Nasdaq for US\$ exercise prices on November 30, 2016 (C\$3.70 and \$2.79, respectively) and multiplying the result by the number of common shares underlying an option.
- (3) Mr. Della Penna was appointed as Chief Financial Officer of the Company effective November 24, 2014.

Incentive Plan Awards – Value Vested or Earning During the Year – The following table sets forth details of the value vested or earned during the most recently completed financial year for each incentive plan award.

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 (U.S.\$)
(a)	(b) ⁽¹⁾	(c)	(d)
Drs. Isa Odidi	C\$100,980	N/A	340,464
Dr. Amina Odidi	C\$100,980	N/A	340,464
John Allport	C\$61,150	N/A	56,493
Domenic Della Penna ⁽²⁾	C\$84,590	N/A	112,986

Notes:

- (1) The amount represents the theoretical total value if the options had been exercised on the vesting date, established by calculating the difference between the closing price of the common shares of the Company on the TSX on the vesting date and the exercise price.
- (2) Mr. Della Penna was appointed as Chief Financial Officer of the Company effective November 24, 2014.

Pension Plan Benefits

The Company does not provide a defined benefit pension plan or a defined contribution pension plan for any of its Named Executive Officers, nor does it have a deferred compensation pension plan for any of its Named Executive Officers. There are no amounts set aside or accrued by the Company or its subsidiaries to provide pension, retirement or similar benefits.

Termination and Change of Control Benefits

The employment agreement with each of Dr. Isa Odidi and Dr. Amina Odidi (collectively the “**Odidis**”), by virtue of it being a fixed-term agreement with automatic renewal provisions, effectively provides for payments to the Odidis following termination of the employment agreement unless the agreement has been terminated in accordance with its terms. As a result, if either of the Odidis had been terminated on the last business day of the Company’s most recently completed financial year, it is estimated that an amount of up to approximately C\$1.4 million would be payable to each of the Odidis, which is the amount that would have been payable through to September 30, 2019, at each of the Odidis’ current annual salary level. Given their nature as fixed term employment agreements, if notice is properly provided to not renew the agreement following the term ending September 30, 2019, then as such date approaches the amount payable upon termination to the Odidis will decrease to the point where no amount would be payable upon termination as at September 30, 2019. Any termination of the employment of the Odidis must be undertaken by and is subject to the prior approval of the Board. There are no payments applicable under the employment agreements of the Odidis relating to a change of control of the Company.

For a discussion of certain termination and change of control benefits under the employment agreement with Mr. Della Penna, see the description of his employment agreement under the heading “*Employment Agreements*” above.

DIRECTOR COMPENSATION

Director Compensation Table

The following table sets forth all amounts of compensation provided to the non-executive directors for the Company’s most recently completed financial year.

Name	Fees earned	Share-based awards	Option-based awards	Non-equity incentive plan compensation	Pension value	All other compensation	Total
(a)	(b)	(c) ⁽¹⁾	(d) ⁽²⁾	(e)	(f)	(g)	(h)
Eldon Smith	-	C\$41,000	C\$42,534	N/A	N/A	N/A	C\$83,534
Kenneth Keirstead	C\$40,000	N/A	C\$42,534	N/A	N/A	N/A	C\$82,534
Bahadur Madhani	C\$46,000	N/A	C\$42,534	N/A	N/A	N/A	C\$88,534

Notes:

- (1) DSUs (defined herein) that were earned. Does not include DSUs earned in the previous financial year and granted in the most recently completed financial year.
- (2) Option-based awards for fiscal year 2016 were issued on November 30, 2016.

Significant factors necessary to understand the information disclosed in the Director Compensation Table above include the following: Non-management directors receive an annual retainer of \$25,000 paid in Canadian dollars. The Audit Committee chair receives an annual retainer of \$10,000 paid in Canadian dollars. The Corporate Governance Committee chair and Compensation Committee Chair, each receives an annual retainer of \$5,000 paid in Canadian dollars. Non-chair committee members, are paid an additional \$2,500 per year per committee paid in Canadian dollars. Meetings will result in an additional \$1,000 per day per meeting paid in Canadian dollars.

Deferred Share Unit Awards for Outside Directors

The Company established a plan (the “**DSU Plan**”) for deferred share units (“**DSUs**”) to permit directors who are not officers of the Company to defer receipt of all or a portion of their Board fees until termination of Board service, and to receive such fees in the form of common shares at that time.

The key features of the DSU Plan are as follows:

- The DSU Plan is administered by the Board or a committee thereof. Members of the Board who are not salaried officers or employees of the Company or a related corporation are eligible to participate under the DSU Plan. By the terms of the DSU Plan, Dr. Isa Odidi, the Chief Executive Officer of the Company, and Dr. Amina Odidi, the President and Chief Operating Officer of the Company, are specifically not eligible to participate.
- The number of common shares available for issuance upon redemption of DSUs issued under the DSU Plan is limited to 110,000 common shares of the Company, representing approximately 0.4% of the total number of issued and outstanding common shares as of the Record Date.
- Each participant may elect to be paid a minimum of 20% up to a maximum of 100%, in 10% increments, of Board fees in the form of DSUs in lieu of being paid such fees in cash. On the date on which Board fees are payable (on a quarterly basis), the number of DSUs to be credited to the participant is determined by dividing an amount equal to the designated percentage of the Board fees that the participant has elected to have credited in DSUs on that fee payment date, by the calculated market value of a common share (typically on the TSX) on that fee payment date. The market value of a common share is the weighted average trading price of the common shares on any exchange where the common shares are listed (including the TSX) for the last five trading days prior to such day. If dividends are declared by the Company, a participant will also be credited with dividend equivalents in the form of additional DSUs based on the number of DSUs the participant holds on the record date for the payment of a dividend. Dividend equivalents are calculated by dividing (i) the amount obtained by multiplying the amount of the dividend declared and paid per common share by the number of DSUs in the participant’s account on the record date for the payment of such dividend, by (ii) the market value of a common share on that dividend payment date. The market value of a common share is the weighted average trading price of the common shares on any exchange where the common shares are listed (including the TSX) for the last five trading days prior to such day.
- A participant is permitted to redeem his/her DSUs only following termination of Board service by way of retirement, non-re-election as a director, resignation or death. Upon redemption of DSUs, the Company will issue to the participant common shares of the Company equal to the number of DSUs to be redeemed.
- A separate notional account is maintained for each participant under the DSU Plan. Each such account will be credited with DSUs issued to the participant from time to time by way of a bookkeeping entry in the books of the Company. The DSUs credited to the participant’s account will be cancelled as of the applicable redemption date and following redemption of all DSUs credited to the participant’s account, such participant’s account will be closed.
- No rights under the DSU Plan and no DSUs credited pursuant to the provisions of the DSU Plan are assignable or transferable by any participant other than pursuant to a will or by the laws of descent and distribution.
- Under the DSU Plan, the Board may from time to time in its absolute discretion amend, modify and change the provisions of the DSU Plan or any DSUs issued pursuant to the DSU Plan, provided that any amendment will:
 - not adversely alter or impair any DSU previously credited without such participant’s consent in writing except as permitted by the adjustment provisions in the DSU Plan;

- be subject to any regulatory approvals including, where required, the approval of the TSX;
- be subject to shareholder approval in accordance with the rules of the TSX in circumstances where the amendment, modification or change to the DSU Plan or DSU would:
 - i. allow for the assignment or transfer of any right under the DSU Plan or a DSU credited pursuant to the provisions of the DSU Plan other than as provided for under the assignability provisions in the DSU Plan;
 - ii. increase the fixed maximum number of common shares which may be issued pursuant to the DSU Plan; or
 - iii. amend the amendment provisions of the DSU Plan; and
- not be subject to shareholder approval in circumstances (other than those listed in the paragraph immediately above), including, but not limited to, circumstances where the amendment, modification or change to the DSU Plan or DSU would:
 - i. be of a “housekeeping nature”, including any amendment to the DSU Plan or a DSU that is necessary to comply with applicable law or the requirements of any regulatory authority or stock exchange and any amendment to the DSU Plan or a DSU to correct or rectify any ambiguity, defective provision, error or omission therein, including any amendment to any definitions therein;
 - ii. introduce features to the DSU Plan that would permit the Company to, instead of issuing common shares from treasury upon the redemption of the DSUs, retain a broker and make payments for the benefit of participants to such broker who would purchase common shares through the facilities of the TSX for such participants;
 - iii. introduce features to the DSU Plan that would permit the Company to, instead of issuing common shares from treasury upon the redemption of the DSUs, make lump sum cash payments to participants;
 - iv. change the application of the adjustment provisions of the DSU Plan ; or
 - v. change the eligible participants under the DSU Plan.

A copy of the DSU Plan is available upon request in writing to the Chief Financial Officer of the Company at 30 Worcester Road, Toronto, Ontario, M9W 5X2.

The 110,000 common shares that are currently authorized for issuance under the DSU Plan represent approximately 0.4% of the Company’s common shares issued and outstanding as at the Record Date. A total of 79,099 DSUs have been issued, representing common share rights that comprise approximately 0.26% of the common shares issued and outstanding as at the Record Date.

Outstanding Option-Based Awards and Share-Based Awards

The following table sets forth all amounts of option-based and share-based awards to the non-executive directors for the Company’s most recently completed financial year.

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	Number of shares or units of shares that have not vested (#)	Market or payout value of share-based awards that have not vested
(a)	(b)	(c)	(d)	(e) ⁽¹⁾	(f) ⁽²⁾	(g) ⁽³⁾
Eldon Smith	10,000	C\$2.88	Oct. 22, 2019	C\$8,200	76,743	C\$283,948
	25,000	C\$1.81	Apr. 13, 2020	C\$47,250	N/A	N/A
	37,500	C\$3.22	Nov. 30, 2019	C\$18,000	N/A	N/A
	37,500	C\$4.29	Feb. 28, 2019	N/A	N/A	N/A
	20,000	C\$2.52	Nov. 30, 2020	C\$23,600	N/A	N/A
	35,000	C\$2.43	Aug. 31, 2021	C\$44,450	N/A	N/A
Kenneth Keirstead	10,000	C\$2.88	Oct. 22, 2019	C\$8,200	N/A	N/A
	25,000	C\$1.81	Apr. 13, 2020	C\$47,250	N/A	N/A
	37,500	C\$3.22	Nov. 30, 2019	C\$18,000	N/A	N/A
	37,500	C\$4.29	Feb. 28, 2019	N/A	N/A	N/A
	20,000	C\$2.52	Nov. 30, 2020	C\$23,600	N/A	N/A
	35,000	C\$2.43	Aug. 31, 2021	C\$44,450	N/A	N/A
Bahadur Madhani	10,000	C\$2.88	Oct. 22, 2019	C\$8,200	N/A	N/A
	25,000	C\$1.81	Apr. 13, 2020	C\$47,250	N/A	N/A
	37,500	C\$3.22	Nov. 30, 2019	C\$18,000	N/A	N/A
	37,500	C\$4.29	Feb. 28, 2019	N/A	N/A	N/A
	20,000	C\$2.52	Nov. 30, 2020	C\$23,600	N/A	N/A
	35,000	C\$2.43	Aug. 31, 2021	C\$44,450	N/A	N/A

Notes:

- (1) The value of unexercised options at year-end is calculated by subtracting the option exercise price from the closing price of the common shares of the Company on the TSX on November 30, 2016 (C\$3.70) and multiplying the result by the number of common shares underlying an option.
- (2) These DSUs are permitted to be redeemed only following termination of Board service. Includes DSUs earned as at November 30, 2016.
- (3) The value of DSUs at year-end is calculated from the closing price of the common shares of the Company on the TSX on November 30, 2016 (C\$3.70) and multiplying by the number of common shares underlying a DSU.

Incentive Plan Awards – Value Vested or Earned During the Year

The following table sets forth all amounts of option-based and share-based awards vested to the non-executive directors of the Company for the most recently completed financial year and no non-equity incentive plan compensation was earned during the most recently completed financial year.

Name	Option-based awards -Value vested during the year	Share-based awards - Value vested during the year (U.S.\$)	Non-equity incentive plan compensation - Value earned during the year
(a)	(b) ⁽¹⁾	(c) ⁽²⁾	(d)
Eldon Smith	C\$37,560	N/A	Nil
Kenneth Keirstead	C\$37,560	N/A	Nil
Bahadur Madhani	C\$37,560	N/A	Nil

Notes:

- (1) The amount represents the theoretical total value if the options had been exercised on the vesting date, established by calculating the difference between the closing price of the common shares of the Company on the TSX on the vesting date and the exercise price.
- (2) The amount represents the theoretical total value of DSUs which were fully vested on their respective dates of issuance. DSUs are issued at the calculated market value of a common share on the date of issuance.

SECURITIES AUTHORIZED FOR ISSUANCE UNDER EQUITY COMPENSATION PLANS

Information regarding securities authorized for issuance under the Company's equity compensation plans is provided below, as of November 30, 2016.

Plan Category	Number of securities to be issued upon exercise of outstanding options, warrants, and rights (a)	Weighted-average exercise price of outstanding options, warrants and rights (U.S.\$) (b)	Number of securities remaining available for future issuance under equity compensation plans (excluding all securities reflected in column (c)
Equity compensation plans approved by security holders (Employee Stock Option Plan)	2,628,520	3.26	350,479
Equity compensation plans not approved by security holders ⁽¹⁾	2,763,940	3.62	N/A
TOTAL	5,392,460	3.44	350,479

Note:

(1) Includes 2,763,940 of performance-based options issued to certain Named Executive Officers. See "*Executive Compensation*".

INDEBTEDNESS OF DIRECTORS AND EXECUTIVE OFFICERS

Since the beginning of the Company's last financial year, no present or former director or officer, or any associate of such director or officer is currently or has been indebted to the Company.

AUDIT COMMITTEE INFORMATION

Reference is made to the Annual Information Form of the Company for the year ended November 30, 2016, for disclosure of information relating to the Audit Committee. A copy of this document can be found on SEDAR at www.sedar.com or by contacting the Chief Financial Officer of the Company at 30 Worcester Road, Toronto, Ontario, M9W 5X2 telephone (416) 798-3001. A copy of the Charter of the Audit Committee is attached to Annual Information Form as Schedule A.

INTERESTS OF MANAGEMENT AND OTHERS IN MATERIAL TRANSACTIONS

As of the date of Record Date, other than as otherwise stated in this Management Proxy Circular, based on the information provided to the Company, no director or officer of the Company or any associate or affiliate thereof had any material interest in any transaction completed, in any of the three most recently completed financial years.

Certain directors and senior officers of the Company had interests in the IPC Arrangement Transaction that was completed on October 22, 2009 that are different from the interests of the Company's shareholders generally. As at November 30, 2014, the Company repaid an outstanding related party payable to Dr. Isa Odidi and Dr. Amina Odidi, principal stockholders, directors and executive officers of the Company. Repayments of the related party loan were restricted under the terms of the loan such that the principal amount thereof was payable when payment was required solely out of (i) revenues earned by Intellipharmaceuticals Corp., a wholly-owned subsidiary of the Company ("**IPC Corp**"), following the effective date of October 22, 2009 ("**effective date**"), and/or proceeds received by IPC Corp or its affiliates from the offering of its securities after the effective date (other than the proceeds from the transactions completed in February 2011, March 2012, March 2013 and July 2013), and/or amounts received by IPC Corp for scientific research tax credits of IPC Corp and (ii) up to C\$800,000 of the Net Cash from the Vasogen transaction (as defined in the IPC Arrangement Agreement). In March 2014, we repaid the entire outstanding related party loan principal in the amount of US\$690,049 (C\$764,851) out of licensing revenues earned by IPC Corp. and

made interest payments of US\$48,504 (C\$53,762) in respect of the promissory note in accordance with the IPC Arrangement Agreement.

In addition, on January 10, 2013, the Company completed a private placement financing of an unsecured convertible debenture in the aggregate principal amount of U.S.\$1.5 million. The debenture bears interest at a rate of 12% per annum, payable monthly, is pre-payable at any time at the option of the Company, and was convertible at any time into 500,000 common shares at a conversion price of U.S.\$3.00 per common share at the option of the holder. Drs. Isa and Amina Odidi, principal stockholders, directors and executive officers of the Company, provided the Company with the U.S.\$1.5 million of the proceeds for the debenture. Effective October 1, 2014, the original maturity date for the debenture was extended to July 1, 2015; effective June 29, 2015, the July 1, 2015 maturity date was extended to January 1, 2016; effective as of December 8, 2015, the maturity date was extended to July 1, 2016; and effective May 26, 2016, the maturity date of the debenture was further extended to December 1, 2016. Effective December 1, 2016, the maturity date for the debenture was extended to April 1, 2017 and a principal repayment of U.S.\$150,000 was made at the time of the extension. After giving effect to such partial repayment, the Debenture is convertible at any time into 450,000 common shares at a conversion price of U.S.\$3.00 per common share at the option of the holder. The Company currently expects to repay the current net amount of U.S.\$1,350,000 on or about April 1, 2017, if the Company then has cash available.

CORPORATE GOVERNANCE DISCLOSURE

Guidelines

“**Corporate governance**” is the process and structure used to direct and manage the business and affairs of the Company to achieve the shareholders’ objectives. The shareholders elect the members of the Board who in turn are responsible for overseeing all aspects of the operations of the Company, appointing management, and ensuring that the business is managed properly taking into account the interests of the shareholders and other stakeholders, such as employees and patients.

The Board, monitors changes with respect to corporate governance practices and regulatory requirements. Under National Instrument 58-101 - *Disclosure of Corporate Governance Practices* and National Instrument 52-110 - *Audit Committees* of the Canadian Securities Administrators, the Company is required to disclose information in this Management Proxy Circular relating to its corporate governance practices. The Company’s disclosure is set out below and in Schedule A to this Management Proxy Circular.

Mandate of the Board of Directors

The Board has adopted a formal mandate outlining its responsibilities. The text of the Board’s mandate can be found on the Company’s web site and at www.sedar.com.

The Board is responsible for the stewardship of the Company and for supervising the management of the business and affairs of the Company. As part of this overall responsibility, the Board handles the following matters:

- Succession planning, including appointing, developing, and monitoring senior management and the CEO;
- Adopting a strategic planning process and approving and reviewing, on at least an annual basis, a strategic plan which takes into account, among other things, the opportunities and risks of the Company;
- Identifying the principal risks of the Company’s business and ensuring the implementation of appropriate systems to manage those risks;
- Establishing communication policies for the Company, which should:
 - a. address how the Company interacts with analysts, investors, other key stakeholders, and the public;

- b. contain measures with respect to the Company's compliance, its continuous and timely disclosure obligations, and the avoidance of selective disclosure; and
 - c. be reviewed at least annually.
- Ensuring the integrity of the Company's internal control and management information systems;
 - Ensuring the integrity of the CEO and the other executive officers, and ensuring that there is a culture of integrity throughout the organization;
 - Establishing what business transactions and expenditures require the prior approval of the Board;
 - Establishing specific and effective measures in the Company for receiving shareholder feedback;
 - On an annual basis, communicating to management the Board's expectations of it;
 - Establishing a committee composed solely of non-Management directors with the responsibility to assess directors on an ongoing basis and propose new Board nominees;
 - Establishing an orientation and education program for all new directors and a continuing education program for all directors;
 - Developing the Company's approach to corporate governance and monitoring compliance with relevant regulatory guidelines;
 - Together with the CEO, developing position descriptions for the Board and the CEO, including the limits to Management's responsibilities;
 - Reviewing and approving the corporate objectives that the CEO is responsible for meeting, and assessing the CEO against these objectives;
 - Establishing procedures to ensure that the Board functions independently of management;
 - Regularly assessing its own effectiveness and contribution, as well as the effectiveness and contribution of each Board committee and each individual director;
 - Appointing an Audit Committee composed solely of unrelated and independent directors, each of whom is "financially literate" and one of whom has "accounting or related financial experience";
 - Adopting definitions for "financially literate" and "accounting or related financial experience";
 - Reviewing and assessing the adequacy of the charter for the Audit Committee, as well as the charters for other established committees, at least annually;
 - Establishing a system whereby an individual director can engage an external advisor at the expense of the Company in appropriate circumstances, subject to the approval of an appropriate committee of the Board; and
 - Conducting regular meetings independent of management.

Members of the Board are expected to review available meeting materials in advance, to attend all regularly scheduled Board meetings, and committee meetings of which they are a member, whenever possible, and to devote the necessary time and attention to effectively carry out their responsibilities as directors.

The Board encourages feedback from security holders of the Company. If you wish to communicate directly with the independent members of the Board, please do so in writing by mailing your correspondence, clearly marked as “**Shareholder Correspondence**” to Corporate Secretary, c/o Intellipharma International Inc., 30 Worcester Road, Toronto, Ontario, M9W 5X2.

SHAREHOLDER PROPOSALS FOR THE 2018 ANNUAL MEETING

The Company will review shareholder proposals intended to be included in proxy material for the 2018 annual meeting of shareholders that are received by the Company at 30 Worcester Road, Toronto, Ontario, M9W 5X2, Attention: Corporate Secretary, no later than the date that is at least 90 days prior to the anniversary of the date that notice of the Meeting was sent to the shareholders.

ADDITIONAL INFORMATION

Copies of the following documents are available without charge to shareholders upon written request to the Corporate Secretary of the Company at 30 Worcester Road, Toronto, Ontario, M9W 5X2:

- (a) the audited consolidated financial statements for the year ended November 30, 2016 together with the accompanying report of the auditor and management’s discussion and analysis for the year ended November 30, 2016;
- (b) this Management Proxy Circular; and
- (c) the Company’s most recent annual information form.

Additional information relating to the Company can be found under the Company’s issuer profile on SEDAR at www.sedar.com. Financial information is provided in the Company’s audited consolidated financial statements and management’s discussion and analysis for the financial year ended November 30, 2016.

GENERAL

The information contained herein is given as at March 8, 2017, unless otherwise stated. The Board has approved the contents and the sending of this Management Proxy Circular.

DATED at Toronto, Ontario, the 8th day of March, 2017.

BY ORDER OF THE BOARD OF DIRECTORS

/s/ “John Allport”

John Allport
Vice President Legal Affairs and Licensing

**SCHEDULE A
CORPORATE GOVERNANCE GUIDELINES**

The Company believes that effective corporate governance practices are fundamental to the overall success of a company. The Canadian Securities Administrators have adopted National Instrument 58-101 (“**NI 58-101**”) and the associated National Policy 58-201 which require the Company to disclose its corporate governance practices. In addition, the Company must comply with National Instrument 52-110 (“**NI 52-110**”) with respect to Audit Committees. See details in the accompanying Management Proxy Circular under the heading “*Audit Committee Information*”.

CORPORATE GOVERNANCE DISCLOSURE REQUIREMENT ⁽¹⁾	COMMENTS
1(a) Disclose the identity of directors who are independent.	The Board has reviewed the independence of each director on the basis of the definition in section 1.4 of NI 52-110. A director is “independent” if he or she has no direct or indirect material relationship with the Company. A “material relationship” is one that could, in the view of the Board, be reasonably expected to interfere with the exercise of a director’s independent judgment. The Board has determined, after reviewing the roles and relationships of each of the directors, that three out of six of the nominees proposed by Management for election to the Board are independent from the Company. The Board monitors the disclosure of conflicts of interest by directors and ensures that no director will vote nor participate in a discussion on a matter in respect of which such director has a material interest. The following nominees have been affirmatively determined by the Board to be independent by the Board: Mr. Madhani Mr. Keirstead Dr. Smith.
(b) Disclose the identity of directors who are not independent, and describe the basis for that determination.	The Board has determined, after reviewing the roles and relationships of each of the directors, that the following three out of six nominees proposed by Management for election to the Board are not independent from the Company since they are currently executive officers of the Company: Dr. Isa Odidi, Chairman of the Board & Chief Executive Officer, Dr. Amina Odidi, President and Chief Operating Officer John Allport, Vice-President, Legal Affairs and Licensing.
(c) Disclose whether or not a majority of the directors are independent. If a majority of directors are not independent, describe what the Board does to facilitate its exercise of independent judgement in carrying out its responsibilities.	Three of the six nominees proposed by Management for election to the Board are independent. The Board monitors the disclosure of conflicts of interest by directors and ensures that no director will vote nor participate in a discussion on a matter in respect of which such director has a material interest.
(d) If a director is presently a director of any other issuer that is a reporting issuer (or the equivalent) in a jurisdiction or a foreign jurisdiction, identify both the other director and the other issuer.	All directorships with other public entities for each of the nominees are set out in the accompanying Management Proxy Circular in the table under the heading “ <i>Election of Directors</i> ”.
(e) Disclose whether or not the independent directors hold regularly scheduled meetings at which members of management are not in attendance. If the independent directors hold such meetings, disclose the number of meetings held during the most recently completed financial year. If the independent directors do not hold such meetings, describe what the Board does to facilitate open and candid discussion among its independent directors.	At each Board and committee meeting, including all telephone meetings, there is a portion at which non-independent directors and members of management are not in attendance. There have been three such board meeting, four such Audit Committee meetings and two such Corporate Governance Committee meeting held during the most recently completed fiscal year.
(f) Disclose whether or not the chair of the Board is an independent director, disclose the identity of the independent chair, and describe his or her role and responsibilities.	The positions of CEO and Chairman of the Board are not split; accordingly, the Chairman of the Board is not independent. The roles and responsibilities of the Chairman include the following: - working to ensure a strong, effective, well-balanced and representative composition of the Board and its committees - ensuring that committees are working effectively - ensuring the Board is receiving timely information of

CORPORATE GOVERNANCE DISCLOSURE REQUIREMENT ⁽¹⁾	COMMENTS
	<p>appropriate quality, before, during, and after Board meetings.</p> <p>- providing leadership for the independent directors by encouraging them to meet independently any time they consider it appropriate to do so.</p>
(g) Disclose the attendance record of each director for all board meetings held since the beginning of the most recently completed financial year.	See disclosure in the accompanying Management Proxy Circular under the heading “ <i>Election of Directors</i> ”.
2. Disclose the text of the board’s written mandate.	The Board has adopted a formal mandate for itself. The mandate of the Board is available on the Company’s website and summary is included in the Management Proxy Circular under the heading “ <i>Corporate Governance – Mandate of the Board of Directors</i> ”. A copy may also be obtained upon request to the Chief Financial Officer of the Company at 30 Worcester Road, Toronto, Ontario, M9W 5X2, telephone (416) 798-3001. A copy of the mandate can be found under the Company’s corporate profile at www.sedar.com . The written mandate of the Board provides that the Board is responsible for the stewardship of the Company including the creation of a culture of integrity, the adoption of a strategic planning process that takes into account, among other things, the opportunities and risks of the business, the identification of the principal risks of the business and the implementation of appropriate systems to manage these risks, succession planning, internal control and management information systems and the Company’s approach to corporate governance.
3.(a) Disclose whether or not the board has developed written position descriptions for the chair and the chair of each board committee.	The Board has developed written position descriptions for the Chairman of the Board, as well as for the Chairman of the Audit Committee, Chairman of the Compensation Committee and Chairman of the Corporate Governance Committee. Their duties reflect the responsibilities of the committees whose charters are available on the Company’s website and at www.sedar.com .
(b) Disclose whether or not the board and CEO have developed a written position description for the CEO.	The Company has developed a written position description for the CEO. The position description of the CEO includes the following duties and responsibilities: strategy, leadership, operations, finance, reporting to the Board, and relations with shareholders, employees and the public.
4.(a) Briefly describe what measures the board takes to orient new members regarding (i) the role of the board, its committees and its directors, and (ii) the nature and operation of the issuer’s business.	The Board has an orientation and education program in place for new directors which the Board feels is appropriate having regard to the Company and the current makeup of the Board. Each director receives relevant corporate and business information on the Company, the Board and its committees.
(b) Briefly describe what measures, if any, the board takes to provide continuing education for its directors.	Presentations and reports are made to the Board from time to time to educate and keep them informed of changes within the Company and of regulatory and industry requirements and standards.
5.(a) Disclose whether or not the board has adopted a written code for its directors, officers and employees. If the board has adopted a written code: (i) disclose how an interested party may obtain a copy of the written code; (ii) describe how the board monitors compliance with its code; and (iii) provide a cross-reference to any material change report(s) filed since the beginning of the most recently completed financial year that pertains to any conduct of a director or executive officer that constitutes a departure from the Code.	<p>The Board has adopted a Code of Business Conduct and Ethics (the “Code”) applicable to employees and its directors, copies of which are available on the Company’s website or at www.sedar.com. A copy may also be obtained upon request to the Chief Financial Officer of the Company at 30 Worcester Road, Toronto, Ontario, M9W 5X2.</p> <p>The Board regularly monitors compliance with the Code by monitoring corporate activities and also ensures that management encourages and promotes a culture of ethical business conduct.</p> <p>The Company has developed and the Board has approved various corporate policies, including the Disclosure Policy and the Share Trading Policy.</p> <p>The Board has not granted any waiver of the Code in favour of a director or executive officer. Accordingly, no material change report has been required or filed.</p>
(b) Describe any steps the Board takes to ensure directors exercise independent judgment in considering transactions and agreements in respect of which a director or executive officer has a material interest.	The Board monitors the disclosure of conflicts of interest by directors and ensures that no director will vote nor participate in a discussion on a matter in respect of which such director has a material interest.

CORPORATE GOVERNANCE DISCLOSURE REQUIREMENT ⁽¹⁾	COMMENTS
(c) Describe any steps the Board takes to encourage and promote a culture of ethical business conduct.	The Board has adopted a Code of Business Conduct and Ethics applicable to the Company's employees and directors.
6.(a) Describe the process by which the Board identifies new candidates for board nomination.	The Board has a Corporate Governance Committee, copies of whose Charter are available on the Company's website or at www.sedar.com . The committee makes recommendations to the Board concerning the appointment of such new directors as may be necessary to fill vacancies or the additional needs of the Board. For purposes of filling vacancies on the Board, the Board will review the qualifications of prospective members and determine their relevance taking into consideration the recommendations of the Corporate Governance Committee, current Board composition and the anticipated skills required to round out the capabilities of the Board.
(b) Disclose whether or not the Board has a nominating committee composed entirely of independent directors.	The Board does not have a nominating committee. As above, it does consider the recommendations of the Corporate Governance Committee, of which two of the three members are independent directors. The responsibility for identifying and recommending individuals to the Board for nomination to the Board as members of the Board and its committees rests with the Corporate Governance Committee, and is ultimately decided by the Board as a whole. Three out of the six members of the Board are considered independent.
(c) If the board has a nominating committee, describe the responsibilities, powers and operation of the nominating committee.	The Board does not have a nominating committee. It does take into account the recommendations of the Corporate Governance Committee.
7.(a) Describe the process by which the board determines the compensation for your company's directors and officers.	The Compensation Committee recommends compensation policies concerning officers and senior management to the Board. The Corporate Governance Committee recommends compensation policies concerning independent directors to the Board. The Board makes the final determinations regarding the adequacy and form of the compensation for non-executive directors to ensure that such compensation realistically reflects the responsibilities and risks involved, without compromising a director's independence. Directors who are executives of the Company receive no additional remuneration for their services as directors. A description of the Company's practices regarding executive and director compensation is set out in the Management Proxy Circular under the heading " <i>Executive Compensation</i> ". Directors who are executives of the Company exclude themselves from any determination by the Board of compensation for themselves or any relative.
(b) Disclose whether or not the board has a compensation committee composed entirely of independent directors.	The Board has a Compensation Committee composed entirely of independent directors. Copies of its Charter are available on the Company's website or www.sedar.com .
(c) If the board has a compensation committee, describe the responsibilities, powers, and operation of the compensation committee.	The Compensation Committee is a standing committee of the Board whose primary function is to assist the Board in fulfilling its responsibilities relating to: a) the development, review and periodic approval of the Company's compensation philosophy that attracts and retains key executives and employees, while supporting the overall business strategy and objectives and links compensation with business objectives and organizational performance; b) evaluate and approve all compensation of executive officers including salaries, bonuses and equity compensation that are required to be determined; c) review the Company's stock option plan, the employee restricted stock unit plan and the deferred stock unit plan on an annual basis; d) review and make recommendations to the Board on compensation payable to senior officers of the Company to be hired subsequent to the adoption of this Charter; and e) produce a report annually on executive officer

CORPORATE GOVERNANCE DISCLOSURE REQUIREMENT ⁽¹⁾	COMMENTS
	compensation for inclusion in the proxy statement of the Company.
8. If the board has standing committees other than the audit, compensation and nominating committees, identify the committees and describe their function.	The Corporate Governance Committee is a standing committee of the Board whose primary function is to assist the Board in dealing with the corporate governance matters described in its charter, including recommendations concerning nominations to the Board.
9. Disclose whether or not the board, its committees and individual directors are regularly assessed with respect to their effectiveness and contribution. If assessments are regularly conducted, describe the process used for the assessments.	<p>The Corporate Governance Committee, whose Charter was adopted by the Board in November 2011, has the mandate to receive comments and evaluations from all directors as to the performance of the Board and its standing committees, and to annually assess the Board's performance. The Chairman of the Corporate Governance Committee will oversee the assessment and evaluation process of the Board and the directors and will report the results to the Board. The Board also monitors the quality of the relationship between management and the Board, in order to recommend ways to improve that relationship.</p> <p>Each director will exclude himself/herself from any consideration by the Board of the assessment of the effectiveness and contribution of that director.</p>
10. Disclose whether or not the issuer has adopted term limits for the directors on its board or other mechanisms of board renewal and, if so, include a description of those director term limits or other mechanisms of board renewal. If the issuer has not adopted director term limits or other mechanisms of board renewal, disclose why it has not done so.	The Company has not adopted term limits for the directors or other formal mechanisms of Board renewal as term limits could restrict the Company's ability to benefit from the contributions of otherwise qualified, experienced directors with a deeper understanding of the Company's business. As noted above, the Corporate Governance Committee is responsible for assessments of the Board and director nominees and considers the potential contributions of new directors.
<p>11.(a) Disclose whether the issuer has adopted a written policy relating to the identification and nomination of women directors. If the issuer has not adopted such a policy, disclose why it has not done so.</p> <p>(b) If an issuer has adopted a policy referred to in (a), disclose the following in respect of the policy:</p> <ul style="list-style-type: none"> (i) a short summary of its objectives and key provisions, (ii) the measures taken to ensure that the policy has been effectively implemented, (iii) annual and cumulative progress by the issuer in achieving the objectives of the policy, and (iv) whether and, if so, how the board or its nominating committee measures the effectiveness of the policy. 	The Company has not adopted a written policy relating specifically to the identification and nomination of women directors as the Company's written corporate governance guidelines takes into account a broader range of relevant considerations.
12. Disclose whether and, if so, how the board or nominating committee considers the level of representation of women on the board in identifying and nominating candidates for election or re-election to the board. If the issuer does not consider the level of representation of women on the board in identifying and nominating candidates for election or re-election to the board, disclose the issuer's reasons for not doing so.	The Company does consider the level of representation of women on the Board in identifying and nominating candidates for election or re-election to the Board; however, gender is only one factor in the consideration of the competencies and skills the Board, as a whole, should possess taking into account the tangible and intangible skills and qualities necessary for an effective Board given the Company's stage of development, operational and financial condition, and strategic outlook.
13. Disclose whether and, if so, how the issuer considers the level of representation of women in executive officer positions when making executive officer appointments. If the issuer does not consider the level of representation of women in executive officer positions when making executive officer appointments, disclose the issuer's reasons for not doing so.	The Company has considered the level of representation of women in executive officer positions when making the limited number of executive officer appointments. One of the Company's current executive officers is a women. Four of the Company's five executive officers are long standing employees of the Company or its predecessors, and the Company did not consider it necessary to specifically target a female candidate when the Chief Financial Officer was appointed in 2014.
<p>14.(a) For purposes of this Item, a "target" means a number or percentage, or a range of numbers or percentages, adopted by the issuer of women on the issuer's board or in executive officer positions of the issuer by a specific date.</p> <p>(b) Disclose whether the issuer has adopted a target regarding women on the issuer's board. If the issuer has not adopted a</p>	<p>The Company has not adopted a target regarding the number or percentage of women on the Board given the current representation of women on the Board and the need to consider all qualifications of potential nominees or appointees.</p> <p>The Company has not adopted a target regarding the number or percentage of women in executive officer positions given the current</p>

CORPORATE GOVERNANCE DISCLOSURE REQUIREMENT ⁽¹⁾		COMMENTS
(c)	target, disclose why it has not done so. Disclose whether the issuer has adopted a target regarding women in executive officer positions of the issuer. If the issuer has not adopted a target, disclose why it has not done so.	representation of women in executive offices, the infrequency of such appointments and the need to consider all qualifications of potential appointees in selecting the best candidate for executive officer positions.
(d)	If the issuer has adopted a target referred to in either (b) or (c), disclose: <ul style="list-style-type: none"> (i) the target, and (ii) the annual and cumulative progress of the issuer in achieving the target. 	
15.(a)	Disclose the number and proportion (in percentage terms) of directors on the issuer's board who are women.	One of the Company's six directors (or 17%) is a woman.
(b)	Disclose the number and proportion (in percentage terms) of executive officers of the issuer, including all major subsidiaries of the issuer, who are women.	One of the Company's five executive officers (or 20%) is a woman.

(1) Reference is made to the items in Form 58-101F1 of NI 58-101.

SCHEDULE B
CHANGE OF AUDITOR REPORTING PACKAGE

(See attached)



CHANGE OF AUDITOR NOTICE

TO: British Columbia Securities Commission
Alberta Securities Commission
Financial and Consumer Affairs Authority of Saskatchewan
The Manitoba Securities Commission
Ontario Securities Commission
Autorité des marchés financiers
Financial and Consumer Services Commission (New Brunswick)
Nova Scotia Securities Commission
Government of Prince Edward Island, Office of the Superintendent of Securities
Service NL, Financial Services Regulation Division
Government of the Northwest Territories, Office of the Superintendent of Securities
Government of Yukon, Office of the Superintendent of Securities
Government of Nunavut, Office of the Superintendent of Securities

AND TO: Deloitte & Touche LLP

AND TO: MNP LLP

Intellipharma International Inc. (the "**Corporation**") gives the following notice in accordance with Section 4.11 of National Instrument 51-102 - Continuous Disclosure Obligations ("NI 51-102"):

1. The Corporation has decided to change its auditor from Deloitte LLP (the "**Former Auditor**") to MNP LLP (the "**Successor Auditor**"). Consequently, on July 27, 2016, the Corporation asked the Former Auditor to resign. The Former Auditor submitted their resignation effective July 28, 2016. Pursuant to *the Business Corporations Act* (Ontario), the directors are entitled to fill any casual vacancy in the office of the auditor. The Successor Auditor has agreed to its appointment as the Corporation's new auditor.
2. The Former Auditor resigned at the Corporation's request.
3. The making of the Corporation's request for the Former Auditor to resign as auditor of the Corporation and the appointment of the Successor Auditor as auditor of the Corporation, were considered and approved by the Audit Committee of the Corporation's Board of Directors and also by the Board of Directors of the Corporation.
4. There were no modified opinions in the Former Auditor's Reports in connection with the audits of the Corporation's two most recently completed fiscal years ended November 30, 2015 and 2014. There have been no further audits of financial statements subsequent to the Corporation's most recently completed fiscal year and ending on the date of the Former Auditor's resignation.

5. There have been no reportable events as such term is defined in NI 51-102.

DATED this 28th day of July, 2016.

INTELLIPHARMACEUTICS INTERNATIONAL INC.

Per: /s/ "Domenic Della Penna"
Domenic Della Penna
Chief Financial Officer



Deloitte LLP
22 Adelaide Street West
Suite 200
Toronto ON M5H 0A9
Canada

Tel: 416-601-6150
Fax: 416-601-6610
www.deloitte.ca

July 28, 2016

To the various Securities Commission and similar regulatory authorities in Canada

British Columbia Securities Commission
Alberta Securities Commission
Financial and Consumer Affairs Authority of Saskatchewan
The Manitoba Securities Commission
Ontario Securities Commission
Autorité des marchés financiers (Québec)
Financial and Consumer Services Commission (New Brunswick)
Nova Scotia Securities Commission
Office of the Superintendent of Securities, Service Newfoundland & Labrador
Office of the Superintendent of Securities, Prince Edward Island
Office of the Superintendent of Securities, Northwest Territories
Office of the Yukon Superintendent of Securities
Nunavut Securities Office

Dear Sirs/Mesdames:

As required by subparagraph (5)(a)(ii) of section 4.11 of National Instrument 51-102, we have reviewed the change of auditor notice of Intellipharma International Inc. dated July 28, 2016 (the "Notice") and, based on our knowledge of such information at this time, we confirm that we agree with the statements (1), (2), (4) and (5) contained therein, and have no basis to agree or disagree with the statement (3) contained therein.

Yours truly,

Chartered Professional Accountants
Licensed Public Accountants

July 29, 2016

British Columbia Securities Commission
Alberta Securities Commission
Financial and Consumer Affairs Authority of Saskatchewan
The Manitoba Securities Commission
Ontario Securities Commission
Autorité des marchés financiers
Financial and Consumer Services Commission (New Brunswick)
Nova Scotia Securities Commission
Government of Prince Edward Island, Office of the Superintendent of Securities
Service NL, Financial Services Regulation Division
Government of the Northwest Territories, Office of the Superintendent of Securities
Government of Yukon, Office of the Superintendent of Securities
Government of Nunavut, Office of the Superintendent of Securities

Dear Sirs:

**Re: Intellipharmaceuticals International Inc. (“the Company”)
Notice of Change of Auditor Pursuant to NI 51-102 (Part 4.11)**

In accordance with Section 4.11 of National Instrument 51-102, we have reviewed the Company’s Notice of Change of Auditor (“the Notice”) dated July 28, 2016. Based on our information as of this date, we agree with the Statements #1 through #4 contained in the Notice. We have no basis to agree or disagree with Statement #5 contained in the Notice.

Yours truly,



Chartered Professional Accountants,
Licensed Public Accountants