

PROFOUND MEDICAL CORP.

**NOTICE OF ANNUAL MEETING OF SHAREHOLDERS TO BE
HELD ON JUNE 21, 2016**

AND

MANAGEMENT INFORMATION CIRCULAR

DATED May 23, 2016

PROFOUND MEDICAL CORP.

NOTICE OF ANNUAL MEETING OF SHAREHOLDERS

NOTICE IS HEREBY GIVEN THAT an annual meeting (the “**Meeting**”) of the shareholders of Profound Medical Corp. (the “**Corporation**”) will be held at the Courtyard Marriott, Porter Room, 475 Yonge Street, Toronto, M4Y 1X7 on June 21, 2016 at 10:00 a.m. for the following purposes:

1. to receive the audited financial statements of the Corporation for the financial year ended December 31, 2015 and the accompanying report of the auditors thereon;
2. to elect as directors of the Corporation Steven Plymale, Damian Lamb, Jean-François Pariseau, William Curran, Arun Menawat and Jonathan Goodman to serve from the close of the Meeting until the close of the next annual meeting of shareholders of the Corporation or until their successors are elected or appointed;
3. to appoint PricewaterhouseCoopers LLP as the auditor of the Corporation for the ensuing year and to authorize the directors of the Corporation to fix the auditors’ remuneration; and
4. to transact such other business as may be properly brought before the Meeting or any postponement or adjournment thereof.

Information relating to the items above is set forth in the accompanying Management Information Circular.

Only shareholders of record as of May 13, 2016 are entitled to notice of the Meeting and to vote at the Meeting and at any adjournment or postponement thereof.

The accompanying Management Information Circular, this notice of Meeting (the “**Notice**”), the form of proxy and the voting instruction form (collectively, the “**Meeting Materials**”) are being mailed to shareholders of record as at the Record Date and are available under the Corporation’s profile on the System for Electronic Document Analysis and Retrieval (“**SEDAR**”), online at www.sedar.com. Shareholders are reminded to review the Meeting Materials before voting.

If you do not expect to attend the Meeting in person, please promptly complete and sign the enclosed form of proxy and return it for receipt by no later than by 10:00 a.m. on Friday, June 17, 2016, or if the Meeting is adjourned or postponed, at least 48 hours, excluding Saturdays, Sundays and holidays, prior to any such adjournment or postponement. If you receive more than one proxy form because you own common shares of the Corporation (“**Common Shares**”) registered in different names or addresses, each proxy form should be completed and returned.

If you are a Beneficial Shareholder (as defined in the Management Information Circular), accompanying this Notice is a voting instruction form for your use. If you receive these materials through your broker or another intermediary, please complete and sign the materials in accordance with the instructions provided to you by such broker or other intermediary.

DATED at Toronto, Ontario this 23rd day of May, 2016.

By Order of the Board of Directors of Profound Medical Corp.

(signed) “*Steven Plymale*”

Steven Plymale

Director and Chief Executive Officer

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**PROFOUND MEDICAL CORP.
MANAGEMENT INFORMATION CIRCULAR**

SOLICITATION OF PROXIES

This management information circular (this “Circular”) is provided in connection with the solicitation of proxies by the management of Profound Medical Corp. (the “Corporation” or “Profound”) for use at the annual meeting (the “Meeting”) of the holders (“Shareholders”) of common shares (“Common Shares”) in the capital of the Corporation. The Meeting will be held on June 21, 2016 at 10:00 a.m. at the Courtyard Marriott, Porter Room, 475 Yonge Street, Toronto, M4Y 1X7, or at such other time or place to which the Meeting may be adjourned, for the purposes set forth in the notice of annual meeting accompanying this Management Information Circular (the “Notice”). Although it is expected that the solicitation of proxies will be primarily by mail, proxies may also be solicited personally or by telephone, facsimile or other means of electronic communication. In accordance with National Instrument 54-101 - *Communication with Beneficial Owners of Securities of a Reporting Issuer* (“NI 54-101”), arrangements have been made with brokerage houses and other intermediaries, clearing agencies, custodians, nominees and fiduciaries to forward solicitation materials to the beneficial owners of the Common Shares held of record by such persons and the Corporation may reimburse such persons for reasonable fees and disbursements incurred by them in doing so. The costs thereof will be borne by the Corporation.

These securityholder materials are being sent to both registered and non-registered (beneficial) owners of the securities. If you are a non-registered owner and the Corporation or its agent has sent these materials directly to you, your name and address and information about your holdings or securities have been obtained in accordance with applicable securities regulatory requirements from the intermediary holding on your behalf.

Accompanying this Circular (and filed with applicable securities regulatory authorities) is a form of proxy for use at the Meeting. Each Shareholder who is entitled to attend at Shareholders’ meetings is encouraged to participate in the Meeting and Shareholders are urged to vote on matters to be considered in person or by proxy.

Unless otherwise stated, the information contained in this Circular is given as of May 23, 2016 (the “Effective Date”). All time references in this Circular are references to Toronto time. All amounts referred to in this Circular are presented in Canadian dollars, unless otherwise stated.

APPOINTMENT AND REVOCATION OF PROXIES

Registered Shareholders

Appointment of Proxies

Those Shareholders who wish to be represented at the Meeting by proxy must complete and deliver a proper form of proxy to TMX Equity Transfer Services (the “Transfer Agent”) either in person, or by mail or courier, to 200 University Avenue, Suite 300, Toronto, Ontario, M5H 4H1 or via the internet at www.voteproxyonline.com.

The persons named as proxyholders in the form of proxy accompanying this Circular are designated by management of the Corporation and are representatives of the Corporation’s management for the Meeting. **A Shareholder who wishes to appoint some other person (who need not be a Shareholder) to attend and act for and on such Shareholder’s behalf at the Meeting other than the management nominees designated in the form of proxy may do so by either: (i) crossing out the names of the management nominees AND legibly printing the other person’s name in the blank space provided in the accompanying form of proxy; or (ii) completing another valid form of proxy.** In either case, the completed form of proxy must be delivered to the Transfer Agent at the place and within the time specified herein for the deposit of proxies. A Shareholder who appoints a proxy who is someone other than the management representatives named in the form of proxy should notify the nominee of the appointment, obtain the nominee’s consent to act as proxy and provide instructions on how the Common Shares are to be voted. The nominee should bring personal identification to the Meeting. In any case, the form of proxy should be dated and executed by the Shareholder or an attorney authorized in writing, with proof of such authorization attached (where an attorney executed the proxy form).

In order to validly appoint a proxy, the form of proxy must be received by the Transfer Agent (the address is stated above or in the form of proxy) by 10:00 a.m. on Friday, June 17, 2016, or if the Meeting is adjourned or postponed, at least 48 hours, excluding Saturdays, Sundays and holidays, prior to any such adjournment or postponement. After such time, the Chair of the Meeting may accept or reject a form of proxy delivered to him in his discretion but is under no obligation to accept or reject any particular late form of proxy.

Revocation of a Proxy

A Shareholder who has validly given a proxy may revoke it for any matter upon which a vote has not already been cast by the proxyholder appointed therein. In addition to revocation in any other manner permitted by law, a proxy may be revoked with an instrument in writing signed and delivered to either the registered office of the Corporation or the Transfer Agent, 200 University Avenue, Suite 300, Toronto, Ontario, M5H 4H1, at any time up to and including the last business day preceding the date of the Meeting, or any postponement or adjournment thereof at which the proxy is to be used, or deposited with the Chair of such Meeting on the day of the Meeting, or any postponement or adjournment thereof. The document used to revoke a proxy must be in writing and completed and signed by the Shareholder or his or her attorney authorized in writing or, if the Shareholder is a corporation, under its corporate seal or by an officer or attorney thereof duly authorized.

Also, a Shareholder who has given a proxy may attend the Meeting in person (or where the Shareholder is a corporation, its authorized representative may attend), revoke the proxy (by indicating such intention to the Chairman before the proxy is exercised) and vote in person (or withhold from voting).

Signature on Proxies

The form of proxy must be executed by the Shareholder or his or her duly appointed attorney authorized in writing or, if the Shareholder is a corporation, by a duly authorized officer whose title must be indicated. A form of proxy signed by a person acting as attorney or in some other representative capacity should indicate that person's capacity (following his signature) and should be accompanied by the appropriate instrument evidencing qualification and authority to act (unless such instrument has been previously filed with the Corporation).

Voting of Proxies

Each Shareholder may instruct his, her or its proxy how to vote his, her or its Common Shares by completing the blanks on the Instrument of Proxy.

The Common Shares represented by the enclosed form of proxy will be voted or withheld from voting on any motion, by ballot or otherwise, in accordance with any indicated instructions. If a Shareholder specifies a choice with respect to any matter to be acted upon, the Common Shares will be voted accordingly. In the absence of such direction, such Common Shares will be voted FOR the resolutions described in the form of proxy and below.

The accompanying form of proxy confers discretionary authority upon the persons named therein to vote on any amendments or variations to matters identified in the Notice and with respect to such other business or matters which may properly come before the Meeting or any adjournment or postponement thereof. As at the Effective Date, management of the Corporation knows of no such amendments or variations or other matters to come before the Meeting.

Beneficial (Non-Registered) Shareholders

The information set forth in this section is of importance to many Shareholders, as a substantial number of Shareholders do not hold Common Shares in their own name. Shareholders who hold their Common Shares through depositories (e.g. CDS & Co., the registration name for CDS Clearing and Depository Services Inc.), brokers, intermediaries, trustees or other persons, or who otherwise do not hold their Common Shares in their own name (referred to in this Circular as “**Beneficial Shareholders**”) should note that only proxies deposited by Shareholders who are registered shareholders (that is, shareholders whose names appear on the records maintained by the registrar and transfer agent for the Common Shares as registered holders of Common Shares) will be recognized and acted upon at the Meeting.

Without specific instructions, brokers (or their agents and nominees) are prohibited from voting shares for the broker's clients. Subject to the following discussion in relation to NOBOs (as defined below), the Corporation does not know for whose benefit the shares of the Corporation registered in the name of CDS & Co., a broker or another nominee, are held.

There are two categories of Beneficial Shareholders for the purposes of applicable securities regulatory policy in relation to the mechanism of dissemination to Beneficial Shareholders of proxy-related materials and other securityholder materials and to request voting instructions from such Beneficial Shareholders. Non-objecting beneficial owners (“**NOBOs**”) are Beneficial Shareholders who have advised their intermediary (such as brokers or other nominees) that they do not object to their intermediary disclosing ownership information to the Corporation, consisting of their name, address, e-mail address, securities holdings and preferred language of communication. **Securities legislation restricts the use of that information to matters strictly relating to the affairs of the Corporation.** Objecting beneficial owners (“**OBOs**”) are Beneficial Shareholders who have advised their intermediary that they object to their intermediary disclosing such ownership information to the Corporation.

In accordance with the requirements of NI 54-101, the Corporation is sending the Notice of Meeting, this Circular and a voting instruction form or a form of proxy, as applicable (collectively, the “**Meeting Materials**”), directly to NOBOs and indirectly, through intermediaries, to OBOs. NI 54-101 permits the Corporation, in its discretion, to obtain a list of its NOBOs from intermediaries and use such NOBO list for the purpose of distributing the Meeting Materials directly to, and seeking voting instructions directly from, such NOBOs. As a result, the Corporation is entitled to deliver Meeting Materials to Beneficial Shareholders in two manners: (a) directly to NOBOs and indirectly through intermediaries to OBOs; or (b) indirectly to all Beneficial Shareholders through intermediaries. In accordance with the requirements of NI 54-101, the Corporation is sending the Meeting Materials directly to NOBOs and indirectly, through intermediaries, to OBOs. The Corporation will pay the fees and expenses of intermediaries for their services in delivering Meeting Materials to OBOs in accordance with NI 54-101.

The Corporation has used a NOBO list to send the Meeting Materials directly to those NOBOs whose names appear on that list. If the Corporation has sent these materials directly to a NOBO, such NOBO's name and address and information about its holdings of Common Shares have been obtained from the intermediary holding such shares on the NOBO's behalf in accordance with applicable securities regulatory requirements. As a result, any NOBO of the Corporation can expect to receive a voting instruction form from the Transfer Agent. NOBOs should complete and return the voting instruction form to the Transfer Agent in the envelope provided. The Transfer Agent will tabulate the results of voting instruction forms received from NOBOs and will provide appropriate instructions at the Meeting with respect to the shares represented by such voting instruction forms.

Applicable securities regulatory policy requires intermediaries, on receipt of Meeting Materials that seek voting instructions from Beneficial Shareholders indirectly, to seek voting instructions from Beneficial Shareholders in advance of shareholders' meetings on Form 54-101F7 – *Request for Voting Instructions Made by Intermediaries* (“**Form 54-101F7**”). Every intermediary has its own mailing procedures and provides its own return instructions, which should be carefully followed by Beneficial Shareholders in order to ensure that their Common Shares are voted at the Meeting or any adjournment or postponement thereof. Often, the form of proxy supplied to a Beneficial Shareholder by its broker is identical to the form of proxy provided to registered shareholders; however, its purpose is limited to instructing the registered shareholder how to vote on behalf of the Beneficial Shareholder. Beneficial Shareholders who wish to appear in person and vote at the Meeting should be appointed as their own representatives at the Meeting in accordance with the directions of their intermediaries and Form 54-101F7. Beneficial Shareholders can also write the name of someone else whom they wish to attend at the Meeting and vote on their behalf. Unless prohibited by law, the person whose name is written in the space provided in Form 54-101F7 will have full authority to present matters to the Meeting and vote on all matters that are presented at the Meeting, even if those matters are not set out in Form 54-101F7 or this Circular.

The majority of brokers now delegate responsibility for obtaining instructions from clients to Broadridge Financial Solutions, Inc. (“**Broadridge**”). Broadridge typically mails a voting instruction form in lieu of the form of proxy. Beneficial Shareholders are requested to complete and return the voting instruction form to Broadridge by mail or facsimile. Broadridge will then provide aggregate voting instructions to the Transfer Agent, which tabulates the results and provides appropriate instructions respecting the voting of shares to be represented at the Meeting or any adjournment or postponement thereof. By choosing to send the Meeting Materials to NOBOs directly, the Corporation (and not the intermediary holding Common Shares on your behalf) has assumed responsibility for (i) delivering these

materials to you; and (ii) executing your proper voting instructions. Please return your voting instructions as specified in the request for voting instructions.

All references to Shareholders in this Circular and the accompanying form of proxy and Notice are to registered Shareholders unless specifically stated otherwise.

VOTING SECURITIES AND PRINCIPAL HOLDERS OF VOTING SECURITIES

Shareholders of record as of May 13, 2016 (the “**Record Date**”) are entitled to receive notice of and to attend and vote at the Meeting. As at the Effective Date, the Corporation had 39,473,327 issued and outstanding Common Shares. These Common Shares are the only voting shares of the Corporation which are issued and outstanding as of the Record Date. Each Common Share entitles the holder to one vote in respect of any matter that may come before the Meeting.

Pursuant to the by-laws of the Corporation, a quorum is present at the Meeting if two or more voting persons are present in person and authorized to cast in the aggregate not less than 10% of the total number of votes attaching to all Common Shares.

To the knowledge of the directors and officers of the Corporation, as at the Effective Date, no person or corporation beneficially owns, directly or indirectly, or exercises control or direction over, more than 10% of the issued and outstanding Common Shares other than:

Name	Number of Common Shares Owned or Controlled at the Effective Date ⁽¹⁾	Percent of Outstanding Common Shares ⁽²⁾
BDC Capital Inc. (“ BDC Capital ”)	9,805,429	24.8%
Genesys Ventures II LP (“ Genesys ”)	9,100,872	23.1%

Notes:

- (1) As at the Effective Date, there were 39,473,327 Common Shares issued and outstanding.
- (2) This percentage is based on total Common Shares issued and outstanding. On a fully-diluted basis, BDC owns 22.6% and Genesys owns 21.0%.

INDEBTEDNESS OF DIRECTORS AND OFFICERS

No directors or officers of the Corporation, nor any proposed nominee for election as a director of the Corporation, nor any associate or affiliate of any one of them, is or was indebted, directly or indirectly, to the Corporation or its subsidiaries at any time since the beginning of the last completed financial year of the Corporation.

INTEREST OF INFORMED PERSONS IN MATERIAL TRANSACTIONS

Except as disclosed in this Circular, no director or officer of the Corporation, nor any proposed nominee for election as a director of the Corporation, nor any other insider of the Corporation, nor any associate or affiliate of any one of them, has or has had, at any time since the beginning of the last completed financial year of the Corporation, any material interest, direct or indirect, in any transaction or proposed transaction that has materially affected or would materially affect the Corporation.

On June 4, 2015, Profound completed its qualifying transaction pursuant to which its Common Shares commenced trading on the TSX Venture Exchange (the “**Qualifying Transaction**”). In connection with the Qualifying Transaction, BDC Capital, of which entity Mr. Pariseau is an officer, received 9,805,429 Common Shares in exchange for (i) 7,110,540 common shares in the share capital of Profound Medical Inc. (the “**Profound Common Shares**”) held by BDC Capital immediately prior to the Qualifying Transaction; (ii) 694,889 Profound Common Shares issued upon conversion, at \$1.50 per Profound Common Share, of the obligations of Profound under secured convertible notes pursuant to which, in the context of a bridge financing, BDC Capital advanced to Profound Medical Inc. an amount of \$1,000,000; and (iii) 2,000,000 Profound Common Shares issued automatically upon the exchange of 2,000,000 subscription receipts of Profound Medical Inc. (the “**Subscription Receipts**”) purchased by BDC Capital at a price of \$1.50 per Subscription Receipt.

Genesys, of which entity Mr. Lamb is an officer, received 9,100,872 Common Shares in exchange for: (i) 7,553,428 Profound Common Shares held by Genesys immediately prior to the Transaction; (ii) 347,444 Profound Common Shares issued upon conversion, at \$1.50 per Profound Common Share, of the obligations of Profound under secured convertible notes pursuant to which, in the context of a bridge financing, Genesys advanced to Profound Medical Inc. an amount of \$500,000; and (iii) 1,200,000 Profound Common Shares issued automatically upon the exchange of 1,200,000 Subscription Receipts purchased by Genesys at a price of \$1.50 per Subscription Receipt.

Also in connection with the Qualifying Transaction, Knight Therapeutics Inc. (“**Knight**”), of which entity Mr. Goodman is an officer, provided Profound Medical Inc. a secured loan of \$4,000,000 pursuant to a loan agreement, dated as of April 30, 2015, as amended (the “**Loan Agreement**”), for an initial period of four years with an interest rate of 15% per annum, with payments of interest and principal deferred until June 30, 2017. In addition, Profound also entered into a distribution, license and supply agreement with Knight pursuant to which Knight will act as the exclusive distributor of Profound’s TULSA-PRO system in Canada for an initial ten year term, renewable for successive ten year terms by either party. As a transaction fee in connection with these arrangements, Profound has agreed to issue to Knight 4% of the equity of Profound after giving effect to the Qualifying Transaction. Separately, Knight participated in the private placement with an additional investment of approximately \$2,000,000. After giving effect to all these transactions, Knight Therapeutics Inc. holds 3,050,850 Common Shares.

MATTERS TO BE CONSIDERED AT THE MEETING

To the knowledge of the Board, the only matters to be brought before the Meeting are set forth in the accompanying Notice of Meeting. These matters are described in more detail under the headings below.

Financial Statements

Management, on behalf of the Board, will submit the audited financial statements of the Corporation and the auditor’s report thereon as at and for the financial year ended December 31, 2015 (the “**Financial Statements**”) to the Shareholders at the Meeting, but no vote by the Shareholders with respect thereto is required or proposed to be taken in respect of the Financial Statements. The Financial Statements were audited by PricewaterhouseCoopers LLP of Toronto, Ontario.

The Financial Statements placed before Shareholders are available under the Corporation’s profile on SEDAR, online at www.sedar.com. Copies of the Financial Statements will also be made available at the Meeting.

Election of Directors

At the Meeting, Shareholders are required to elect the directors of the Corporation to hold office until the next annual meeting of Shareholders or until the successors of such directors are elected or appointed. Under the articles of the Corporation, the Board is to consist of a minimum of 3 and a maximum of 11 directors. The directors are authorized to determine from time to time, by resolution, the number of directors of the Corporation and the number of directors to be elected at the Meeting. Shareholders will be asked to vote on the election of six directors at the Meeting, as further described below.

In accordance with the Loan Agreement, until the performance in full of all of the Corporation’s obligations under, and termination of, the Loan Agreement, Knight is entitled to designate one individual to be an observer to, or, if so determined by Knight, to be nominated and, if elected, to serve as a member of the Board. Knight has designated Joanthan Goodman as the individual to be nominated for election as a director.

Accordingly, Shareholders will be asked at the Meeting to consider, and if thought appropriate, to pass an ordinary resolution, the text of which is as follows:

“**BE IT HEREBY RESOLVED** that:

- (1) each of Steven Plymale, Damian Lamb, Jean-François Pariseau, William Curran, Arun Menawat and Jonathan Goodman are elected as directors of the Corporation, to hold office until the close of the next annual meeting of shareholders of the Corporation or until their successors are elected or appointed, is hereby approved.”

The persons designated as proxyholders in the accompanying form of proxy (absent contrary directions) intend to vote FOR the election of the directors as set forth above. The Corporation does not contemplate that any of such nominees will be unable to serve as directors; however, if for any reason any of the proposed nominees do not stand for election or are unable to serve as such, proxies held by the persons designated as proxyholders in the accompanying form of proxy will be voted for another nominee in their discretion unless the Shareholder has specified in his or her form of proxy that his or her Common Shares are to be withheld from voting in the election of directors. Each director elected at the Meeting as a director of the Corporation will hold office from the Meeting until the next annual meeting of Shareholders or until their successors are elected or appointed, all as the case may be, unless his office is earlier vacated in accordance with the articles of the Corporation or the provisions of the *Business Corporations Act* (Ontario).

The Board has adopted a policy that entitles each Shareholder to vote for each nominee on an individual basis. In addition, the Board has adopted a policy stipulating that if the votes in favour of the election of a director nominee at the Meeting represent less than a majority of the Common Shares voted and withheld, the nominee shall, immediately following the Meeting, submit his or her resignation to the Board for consideration. The Board shall consider and, within 90 days of the Meeting, determine whether or not to accept the resignation. A press release disclosing the Board's determination (and the reasons for rejecting the resignation, if applicable) shall be issued promptly following such determination. The nominee will not participate in any Compensation Committee or Board deliberations on the resignation offer. The policy does not apply in circumstances involving contested elections.

The following table sets forth the name of each of the persons proposed to be nominated for election as a director of the Corporation, all positions and offices in the Corporation presently held by such nominees, the nominees' municipality, province or state and country of residence, principal occupation within the five preceding years, the period during which the nominees have served as directors, and the number and percentage of Common Shares beneficially owned by the nominees, directly or indirectly, or over which control or direction is exercised.

Name and Place of Residence	Positions with the Corporation and Date First Appointed to the Board	Principal Occupation	Number and Percentage of Common Shares Beneficially Owned or Controlled
Steven Plymale Toronto, Ontario, Canada	Chief Executive Officer, Director June 4, 2015	Chief Executive Officer (since November 17, 2011) and Director (since January 23, 2009) of Profound Medical Inc.	1,798,643 4.6%
Damian Lamb ⁽¹⁾⁽⁴⁾ Toronto, Ontario, Canada	Director June 4, 2015	Co-Founder of Genesys Capital (since April 2000)	9,100,872 23.1%
Jean-François Pariseau ⁽²⁾⁽⁵⁾⁽⁶⁾⁽⁷⁾ Montreal, Quebec, Canada	Director June 4, 2015	Partner, BDC Capital Healthcare Fund (since July 2001)	9,805,429 24.9%
William Curran ⁽⁴⁾⁽⁵⁾⁽⁶⁾⁽⁷⁾ Rye, New York, USA	Director June 4, 2015	Director, Chairman of Audit Committee and member of Executive Committee of 3D Systems Corporation from 2008 to present; previously non-Executive Chairman and Director of Resonant Medical Inc.	33,000 0.1%
Arun Menawat ⁽⁵⁾⁽⁶⁾⁽⁷⁾ Oakville, Ontario, Canada	Director June 4, 2015	President and Chief Executive Officer of Novadaq Technologies Inc. from April 2003 to present	33,000 0.1%
Jonathan Ross Goodman ⁽³⁾⁽⁴⁾⁽⁵⁾ Montreal, Quebec, Canada	Director June 4, 2015	President and Chief Executive Officer of Knight	3,050,850 7.7%

Notes:

- (1) The Common Shares are controlled and held by Genesys.
- (2) The Common Shares are controlled and held by BDC.
- (3) The Common Shares are controlled and held by Knight.
- (4) Member of the Audit Committee.
- (5) Member of the Compensation Committee.
- (6) Member of the Corporate Governance and Nominating Committee.
- (7) Member of the Executive Committee.

Biographical information regarding the proposed slate is set out below.

Steven Plymale - Chief Executive Officer and Director, 57 years of age - Mr. Plymale is a Director and the Chief Executive Officer of Profound and has over two decades of senior management experience in the medical device industry. Previously, he was the Vice President and General Manager of Excel-Tech Ltd., a division of Natus Medical Incorporated. Excel-Tech Ltd., formerly a public company, was acquired by Natus Medical Incorporated in November 2007 and designs, manufactures and sells a broad portfolio of diagnostic monitoring devices for neurology. Mr. Plymale led Excel-Tech Ltd. to profitability within 12 months of assuming the General Manager role as well as completing four acquisitions. Prior to this appointment, Mr. Plymale served in various senior management roles within several medical device companies such as ISG Technologies/Cedara Software, CryoCath Technology, Claron Technology and The Bluehaven Consulting group. He brings a unique blend of management skills and experience focusing on operations, quality and regulatory affairs and strategic planning.

Damian Lamb – Director, 45 years of age - Mr. Lamb is co-Founder and Managing Director of Genesys Capital, a Canadian-based venture capital firm exclusively focused on the life sciences industry. He brings a unique experience base, blending skills in both the commercial and technical side of biotechnology. Since co-founding Genesys Capital in 2000, Mr. Lamb has been instrumental in raising over CDN\$225 million in venture capital funds and has been involved in deploying over CDN\$140 million across 28 investments. Other than Profound, he currently serves on the board of directors of Affinium Pharmaceuticals Inc. and the Centre for Probe Development and Commercialization at McMaster University. He has served on the board of directors of Ionalytics Corporation (acquired by Thermo Electron Corp.), Millenium Biologix (acquired by Medtronic) and was Chairman of the board of directors of DELEX Therapeutics Inc. when it was sold to YM BioSciences. Mr. Lamb works closely with Genesys Capital investee companies to strategically position the companies to build value for shareholders. Prior to co-founding Genesys Capital, Mr. Lamb was an Investment Manager with MDS Capital Corp. He is a frequently invited speaker at biotechnology industry conferences. Mr. Lamb graduated from McMaster University, Faculty of Health Sciences, with an M.S. in Molecular Neurobiology and also holds a Master of Business Administration from Queen's University.

Jean-François Pariseau – Director, 45 years of age - Mr. Pariseau joined BDC Capital in July 2001 and is a Partner in the Healthcare Fund. Prior to joining BDC, Mr. Pariseau was an investment manager with CDP Capital Technology Ventures. He brings over 20 years of transactional experience in private and in public companies, IPOs, M&A and has invested over \$200m in biopharmaceutical and medical devices companies in North America. Mr. Pariseau holds a Bachelor of Science in Biotechnology from Université de Sherbrooke, a Master of Science in Biomedical Sciences from Université de Montréal, and an MBA from HEC Montréal. In addition to the Corporation, he currently sits on the Board of Directors of AngioChem Inc., Clementia Pharmaceuticals, Clearwater Clinical Inc. and Imagia Cybernetics Inc. He is also a board member of MedDev and an advisor to Hacking Health.

William Curran – Director, 67 years of age - Mr. Curran has extensive experience in operations, finance and executive management. He was formerly President and Chief Executive Officer of Philips Electronics North America. He served in diverse functional and senior management positions during his career with Philips, including as Chief Financial Officer of Philips Medical Systems North America. Mr. Curran currently serves on the board of directors of 3D Systems, Inc., a provider of three-dimensional (3D) content-to-print solutions including 3D printers, print materials and on-demand custom parts services for professionals and consumers, and is Chairman of that company's Audit Committee and a member of the Executive Committee. He was non-executive Chairman and a Director of Resonant Medical before it was sold to Elekta A.B. in 2010. He has previously served as a director for companies in the medical, electronics, and software industries. Mr. Curran holds a Master of Business Administration from the Wharton School of the University of Pennsylvania.

Arun Menawat - Director, 59 years of age - Mr. Menawat has been the President and Chief Executive Officer of Novadaq Technologies Inc., a public company that develops and commercializes medical imaging and therapeutic devices for use in the operating room, since April 2003. Previously, he held senior management positions at Cedara Software, Tenneco, Inc. and Hercules, Inc. His educational background includes a Bachelor of Science in Biology, University of District of Columbia, Washington, District of Columbia, and Ph.D. in Chemical Engineering, from the University of Maryland, College Park, MD, and a Fellowship in Biomedical Engineering from the National Institute of Health, Bethesda, MD. He also earned an Executive MBA from the J.L. Kellogg School of Management, Northwestern University, Evanston, Illinois.

Jonathan Ross Goodman – Director, 47 years of age – Mr. Goodman is the co-founder of Knight Therapeutics Inc. Prior to his involvement with Knight, he was the co-founder, President and CEO of Paladin Labs Inc. which was acquired by Endo for \$3.2 billion in 2014. Under his leadership, \$1.50 invested in Paladin at its founding was worth \$142, 19 years later. Prior to co-founding Paladin in 1995, Mr. Goodman was a consultant with Bain & Company and also worked in brand management for Procter & Gamble. Mr. Goodman holds a B.A. with Great Distinction from McGill University and the London School of Economics with 1st Class Honours. Additionally, Mr. Goodman holds an LL.B. and an M.B.A. from McGill University.

Cease Trade Orders, Bankruptcies and Penalties

No member of the proposed slate is as at the Effective Date, or has been, within the 10 years prior to the Effective Date, a director, chief executive officer or chief financial officer of any company that:

- (a) was the subject of a cease trade or similar order, or an order that denied such company access to any exemptions under applicable securities legislation for a period of more than 30 consecutive days that was issued while the proposed director was acting as director, chief executive officer or chief financial officer; or
- (b) was the subject of a cease trade or similar order, or an order that denied such company access to any exemptions under applicable securities legislation for a period of more than 30 consecutive days that was issued after the proposed director ceased to be a director, chief executive officer or chief financial officer and which resulted from an event that occurred while that person was acting in the capacity as director, chief executive officer or chief financial officer.

No member of the proposed slate is, or has been within the 10 years prior to the Effective Date, a director or executive officer of any other issuer that, while that person was acting in that capacity, or within a year of that person ceasing to act in that capacity, became bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or was subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold the assets of that person.

No member of the proposed slate has, within the 10 years prior to the Effective Date, become bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency, or become subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold the assets of that person.

No member of the proposed slate has been subject to any penalties or sanctions imposed by a court relating to securities legislation or by any securities regulatory authority or has entered into a settlement agreement with a securities regulatory authority or has been subject to any other penalties or sanctions imposed by a court or regulatory body that would be likely to be considered important to a reasonable securityholder in deciding whether to vote for the proposed director.

Appointment of Auditor

At the Meeting, the Shareholders are required to appoint the auditor of the Corporation. Shareholders will be asked to approve the re-appointment of PricewaterhouseCoopers LLP for the current fiscal year. PricewaterhouseCoopers LLP was first appointed the auditor of the Corporation on June 22, 2015.

Accordingly, the Shareholders will be asked at the Meeting to consider, and if thought appropriate, to pass an ordinary resolution, the text of which is as follows:

“**BE IT HEREBY RESOLVED** that:

- (1) the appointment of PricewaterhouseCoopers LLP as auditor of the Corporation to hold office until the next annual meeting of the Shareholders is hereby approved; and
- (2) the Board is hereby authorized to fix the remuneration of the auditor so appointed.”

The persons designated as proxyholders in the accompanying form of proxy (absent contrary directions) intend to vote FOR the appointment of the auditor as set forth above.

STATEMENT OF EXECUTIVE COMPENSATION

Compensation Discussion and Analysis

Objectives

Profound has relied on the experience of its board in setting executive compensation. In considering compensation awards, Profound’s board has considered the skill level of its executives as well as comparable levels of compensation for individuals with similar capabilities and experience. In regard to Profound’s current executive compensation arrangements, the board of Profound has considered such factors as Profound’s current financial situation, the estimated financial situation of Profound in the mid-term and the need to attract and retain the key executives necessary for Profound’s long term success. Profound’s board of directors has determined that at this stage of Profound it is appropriate that compensation be in the form of base salary, incentive stock options, a potential bonus award and certain benefits plans.

Profound has established a Compensation Committee, which oversees the Corporation’s remuneration policies and practices. The principal responsibilities of the Compensation Committee include: (i) considering Profound’s overall remuneration strategy and, where information is available, verifying the appropriateness of existing remuneration levels using external sources for comparison; (ii) comparing the nature and amount of Profound’s directors’ and executive officers’ compensation to performance against goals set for the year while considering relevant comparative information, independent expert advice and Profound’s financial position, and (iii) making recommendations to the board in respect of director and executive officer remuneration matters, with the overall objective of ensuring maximum shareholder benefit from the retention of high quality board and executive team members.

Base Salary

In determining the base salary compensation of the Named Executive Officers (as defined below) the board considered: (i) recruiting and retaining executives critical to the success of Profound and the enhancement of shareholder value; (ii) providing fair and competitive compensation; (iii) balancing the interests of management and Profound’s shareholders; and (iv) rewarding performance, both on an individual basis and with respect to operations in general.

Long-term Incentives

Long-term incentives, in the form of options to purchase Common Shares, are intended to align the interests of Profound’s directors and its executive officers with those of its shareholders, to provide a long term incentive that rewards these individuals for their contribution to the creation of shareholder value and to reduce the cash compensation Profound would otherwise have to pay. Profound’s Stock Option Plan is administered by the board. In establishing the number of incentive stock options to be granted to any particular executive officer, reference was made to the number of stock options granted to officers of other companies involved in similar businesses. The Profound board of directors also considers previous grants of options and the overall number of options that are outstanding relative to the number of outstanding Common Shares in determining whether to make any new grants of options and the size and terms of any such grants, as well as the level of effort, time, responsibility, ability, experience and level of commitment of the executive officer in determining the level of incentive stock option compensation.

Bonus Awards

The Board will consider whether it is appropriate and in the best interests of the Corporation to award a discretionary cash bonus to executive officers for the most recently completed financial year and if so, in what amount. A cash bonus may be awarded to reward extraordinary performance that has led to increased value for shareholders through property acquisitions or divestitures, the formation of new strategic or joint venture relationships and/or capital raising efforts.

Benefits Plans

The Named Executive Officers (as defined below) are entitled to life insurance, health and dental benefits.

Named Executive Officers

The Corporation is a venture issuer and is disclosing the compensation of its director and named executive officers in accordance with Form 51-102F6V *Statement of Executive Compensation – Venture Issuers*. The following individuals are considered the “Named Executive Officers” or “NEOs” for the purposes of the disclosure:

- (a) each individual who, during any part of the most recently completed financial year, served as the Corporation’s Chief Executive Officer or CEO, including an individual performing functions similar to a CEO;
- (b) each individual who, during any part of the most recently completed financial year, served as the Corporation’s Chief Financial Officer or CFO, including an individual performing functions similar to a CFO;
- (c) the most highly compensated executive officer of the Corporation and its subsidiaries, other than the CEO and CFO, at the end of the most recently completed financial year whose total compensation was more than \$150,000, as determined in accordance with subsection 1.3(5) of Form 51-102F6V *Statement of Executive Compensation – Venture Issuers*, for the fiscal year ended December 31, 2015; and
- (d) each individual who would be a Named Executive Officer under paragraph (c) but for the fact the individual was not an executive officer of the Corporation and was not acting in a similar capacity as of December 31, 2015.

During the Corporation’s most recently completed financial year ended December 31, 2015, the Corporation had five Named Executive Officers: (i) Steven Plymale, the Chief Executive Officer; (ii) Rashed Dewan, the interim Chief Financial Officer; (iii) Ronald Kurtz, Vice-President of Engineering; (iv) Shameze Rampertab, the former Chief Financial Officer; and (v) Ronald Schmeichel, the former Chief Executive Officer and Chief Financial Officer.

Summary Compensation Table

The following table sets forth information concerning the total compensation for the two most recently completed financial years paid to the Named Executive Officers and any director who is not a Named Executive Officer. Mr. Plymale is the only officer of the Corporation that also serves as a director of the Corporation. Except in the case of Ronald Schmeichel, information concerning compensation set out below in respect of any period prior to June 4, 2015, the date of the completion of the Qualifying Transaction, relates to compensation paid by Profound Medical Inc.

Name and Position	Year	Salary (\$)	Bonus (\$)	Committee or meeting fees (\$)	Value of perquisites (\$)	Value of all other compensation (\$)	Total Compensation (\$)
Steven Plymale ⁽¹⁾ Chief Executive Officer and Director	2015	\$354,152	\$130,000	Nil.	\$43,727	\$6,323	\$534,203
	2014	\$237,544	Nil.	Nil.	\$84,772	\$5,720	\$332,537

Name and Position	Year	Salary (\$)	Bonus (\$)	Committee or meeting fees (\$)	Value of perquisites (\$)	Value of all other compensation (\$)	Total Compensation (\$)
Rashed Dewan ⁽²⁾ Interim Chief Financial Officer	2015	\$76,455	Nil.	Nil.	Nil.	\$1,996	\$78,451
	2014	N/A	N/A	N/A	N/A	N/A	N/A
Ronald Kurtz Vice-President of Engineering	2015	\$203,598	Nil.	Nil.	Nil.	\$5,509	\$209,107
	2014	\$190,035	Nil.	Nil.	Nil.	\$4,925	\$195,460
Damian Lamb Director	2015	Nil.	Nil.	Nil.	Nil.	Nil.	Nil.
	2014	Nil.	Nil.	Nil.	Nil.	Nil.	Nil.
Jean-François Pariseau Director	2015	Nil.	Nil.	Nil.	Nil.	Nil.	Nil.
	2014	Nil.	Nil.	Nil.	Nil.	Nil.	Nil.
William Curran Director	2015	Nil.	Nil.	US\$20,000	Nil.	Nil.	US\$20,000
	2014	Nil.	Nil.	US\$20,000	Nil.	Nil.	US\$20,000
Arun Menawat Director	2015	Nil.	Nil.	\$20,000	Nil.	Nil.	\$20,000
	2014	Nil.	Nil.	\$5,000	Nil.	Nil.	\$5,000
Jonathan Ross Goodman Director	2015	Nil.	Nil.	Nil.	Nil.	Nil.	Nil.
	2014	Nil.	Nil.	Nil.	Nil.	Nil.	Nil.
Shameze Rampertab ⁽²⁾⁽³⁾ Former Chief Financial Officer	2015	\$219,704	\$62,500	Nil.	Nil.	\$6,451	\$288,655
	2014	\$53,999	Nil.	Nil.	Nil.	\$764	\$54,763
Ronald D. Schmeichel ⁽⁴⁾ Former Chief Executive Officer, Chief Financial Officer, President and Secretary	2015	Nil.	Nil.	Nil.	Nil.	Nil.	Nil.
	2014	Nil.	Nil.	Nil.	Nil.	Nil.	Nil.

Notes:

- (1) Mr. Plymale is also a director of the Corporation, but does not receive any compensation as director. The value of Mr. Plymale's perquisites with respect to housing and flight allowances exceeded 25% of the total value of his perquisites for the reported fiscal years.
- (2) Mr. Rampertab resigned as Chief Financial Officer of the Corporation on November 17, 2015 and, upon his resignation, Mr. Dewan assumed the responsibilities as the Corporation's interim Chief Financial Officer.
- (3) Mr. Rampertab was appointed as Chief Financial Officer of the Corporation effective October 15, 2014.
- (4) Mr. Schmeichel served as the Chief Executive Officer and Chief Financial Officer, President and Secretary of Mira IV Acquisition Corp. (the predecessor of the Corporation) and resigned such positions effective as of June 4, 2015 in connection with the completion of the Qualifying Transaction.

Outstanding Compensation Securities

The following table sets forth all option-based awards and any other compensation securities of the Corporation granted or issued to the Named Executive Officers and directors in the most recently completed financial year for services provided or to be provided to the Corporation.

Name and Position	Type of compensation security	Number of compensation securities	Date of issue or grant	Exercise Price (\$)	Closing price of security or underlying security on date of grant (\$)	Closing price of security or underlying security at year end (\$)	Expiry Date
Steven Plymale⁽¹⁾ Chief Executive Officer and Director	Options	24,500 739,562 1,029,081	Jan 23, 2009 Nov 17, 2011 Apr 30, 2015	\$0.30 \$0.24 \$1.50	N/A	\$0.80	Jan 23, 2019 Nov 17, 2021 Apr 30, 2025
Rashed Dewan Interim Chief Financial Officer	Options	30,000	Sept 8, 2015	\$1.50	\$0.95	\$0.80	Sept 8, 2025
Ronald Kurtz Vice-President of Engineering	Options	150,000 225,000	Apr 11, 2012 Sept 8, 2015	\$0.24 \$1.50	N/A ⁽¹⁾ \$0.95	\$0.80	Apr 11, 2022 Sept 8, 2025
Damian Lamb Director	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Jean-François Pariseau Director	Nil	Nil	Nil	Nil	Nil	Nil	Nil
William Curran Director	Options	33,000	Mar 16, 2012	\$0.24	N/A	\$0.80	Mar 16, 2022
Arun Menawat Director	Options	33,000	Nov 12, 2014	\$1.50	N/A	\$0.80	Nov 12, 2024
Jonathan Ross Goodman Director	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Shameze Rampertab Former Chief Financial Officer	Options	403,283	Oct 15, 2014	\$1.50	N/A	\$0.80	Oct 15, 2024
Ronald D. Schmeichel Former Chief Executive Officer, Chief Financial Officer, President and Secretary	Options	58,667	June 4, 2015	\$1.36	\$1.50	\$0.80	June 4, 2016

Notes:

(1) Shares of Profound Medical Inc. were not publicly traded on the date of grant.

Stock Option Plan

The Stock Option Plan is administered by the board of directors of the Corporation which may, from time to time, delegate to a committee of the board of directors, all or any of the powers conferred to the board of directors under the Stock Option Plan.

The Stock Option Plan provides that the board of directors of the Corporation may from time to time, in its discretion, grant to directors, officers, employees, consultants and any other person or entity engaged to provide ongoing services to the Corporation non-transferable options to purchase Common Shares, provided that the maximum number of Common Shares reserved for issuance under the Stock Option Plan shall not exceed 4,733,079 Common Shares. The exercise price of options shall not be less than the lesser of: (i) the closing trading price of the Common Shares on the TSX Venture Exchange on the date an option is granted; and (ii) the Market Price of the Common Shares on the date the option is granted. For the purposes of the Stock Option Plan, “**Market Price**” means the volume-weighted average price of the Common Shares on the stock exchange where the majority of trading volume and value of the Common Shares occurs, for the five trading days immediately preceding the relevant date on which the Market Price is to be

determined. If the Common Shares are not listed for trading on a stock exchange, the Market Price shall be the fair market value of the Common Shares as determined by the board of directors of the Corporation.

The number of Common Shares reserved for issuance to any one person shall not exceed 5% and, to the insiders of the Corporation as a group, shall not exceed 10%, of the issued and outstanding Common Shares. Options granted under the Stock Option Plan shall not result in the number of Common Shares issued to insiders of the Corporation as a group within any one-year period exceeding 10% of the issued and outstanding Common Shares, and issued to any one insider of the Corporation within any one-year period exceeding 5% of the issued and outstanding Common Shares. The Stock Option Plan also includes an additional 'insider participation limit' which provides that the aggregate number of Common Shares issued to insiders of the Corporation within any 12-month period, or issuable to insiders of the Corporation at any time, under the Stock Option Plan and any other security-based compensation arrangement of the Corporation, may not exceed 10% of the total number of issued and outstanding Common Shares of the Corporation at such time.

The Stock Option Plan also provides that:

1. Common Shares that were the subject of options granted under the Stock Option Plan that have been surrendered, lapsed, cancelled or terminated shall thereupon no longer be in reserve and may once again be subject to an option granted under the Stock Option Plan;
2. a holder of an option may, rather than exercise such option, elect a cashless exercise payable in Common Shares having a value equal to the in-the-money value of the option;
3. the expiry date for an option shall not in any circumstance be later than the lesser of the 10th anniversary of the date an option is granted and the maximum period of time allowed by the TSX Venture Exchange; and
4. subject to certain exceptions outlined in the Stock Option Plan, all options held by an officer or employee of the Corporation shall expire and terminate, and such employee optionee shall cease to be an eligible person, immediately upon the termination date of such optionee or the date of such optionee's death, disability or retirement.

The Board may amend the Stock Option Plan from time to time without Shareholder approval, except for amendments relating to:

1. the maximum number of Common Shares reserved for issuance under the Stock Option Plan;
2. a reduction in the exercise price for options held by insiders of the Corporation;
3. an extension to the term of any option held by insiders of the Corporation;
4. an increase in any limit on grants of options to insiders of the Corporation; and
5. any amendment that is not necessary or desirable to ensure continuing compliance with applicable laws or is not of a "housekeeping" nature.

As of the date of this Circular, there are 3,268,060 outstanding options to purchase Common Shares under the Stock Option Plan with a weighted average exercise price of \$1.03 and a weight average contractual life of 7.52 years.

Executive Employment Contracts

Profound has an employment agreement with Steven Plymale pursuant to which Mr. Plymale will receive, among other things (i) a base salary to \$325,000 per annum and (ii) has been issued 1,029,081 Options.

On September 26, 2014, Profound entered into an employment agreement with Shameze Rampertab pursuant to which Mr. Rampertab would receive, among other things (i) a base salary of \$250,000 per annum (ii) a number of options and (iii) and (iii) a performance bonus equal to \$62,500. On November 17, 2015, Mr. Rampertab tendered his resignation as Chief Financial Officer of the Corporation. Mr. Rampertab has received a lump-sum termination payment of \$100,000 and executed a release in favour of the Corporation.

Profound has an employment contract with Rashed Dewan pursuant to which Mr. Dewan will receive, among other things (i) a base salary of \$175,000 per annum and (ii) has been issued 30,000 Options.

Profound has an employment contract with Ron Kurtz pursuant to which Mr. Kurtz will receive, among other things (i) a base salary of \$225,000 per annum and (ii) has been issued 225,000 Options.

Ronald Schmeichel, the former Chief Executive Officer, Chief Financial Officer, President and Secretary, did not have an employment agreement with the Corporation.

Termination and Change of Control Benefits

The following table summarizes the value of the estimated termination and change of control benefits to each Named Executive Officer still serving on and after December 31, 2015 that would have resulting had the relevant triggering event occurred on the last business day of the most recently completed financial year.

If Mr. Plymale’s employment is terminated without cause, he is entitled to 12 months’ pay in lieu of notice, calculated based on his then-current base salary.

If Mr. Dewan’s employment is terminated without cause, he is entitled to a minimum of 10 weeks’ and a maximum of 26 weeks’ pay in lieu of notice, calculated based on his then-current base salary. Mr. Dewan is required to inform the Company immediately if obtained alternative employment. If employment starts before the Additional Severance Pay payments are finished, the remaining payments will cease and Mr. Dewan will be paid 50% of the unpaid balance as a lump sum.

If Mr. Kurtz’s employment is terminated without cause, he is entitled to the greater of (i) six months’ notice; or (ii) the minimum notice (or pay in lieu) and minimum severance, if any, to which he would be entitled under employment standards legislation. Upon the occurrence of a change of control of the Corporation, within the meaning of the Stock Option Plan, any options granted to Mr. Kurtz which have not yet vested as of such date will be deemed vested and become exercisable.

Securities Authorized for Issuance under Equity Compensation Plans

The following table sets forth the securities of the Corporation that are authorized for issuance under the Stock Option Plan as at the end of the Corporation’s most recently completed financial year (December 31, 2015).

Plan Category	Number of securities to be issued upon exercise of outstanding options, warrants and rights	Weighted-average exercise price of outstanding options, warrants and rights	Number of securities remaining available for future issuance under equity compensation plans
Equity compensation plans approved by securityholders	4,056,851	\$1.39 per common share	1,197,456
Equity compensation plans not approved by securityholders	Nil	Nil	Nil
Total	4,056,851	\$1.39 per Common Share	1,197,456

AUDIT COMMITTEE

Under National Instrument 52-110 - *Audit Committees* (“**NI 52-110**”), the Corporation is required to include in this Circular the disclosure required under Form 52-110F2 with respect to the audit committee (the “**Audit Committee**”) of the Board, including the composition of the Audit Committee, the text of the Audit Committee charter (attached hereto as Schedule “A”), and the fees paid to the external auditor.

The Audit Committee oversees the accounting and financial reporting practices and procedures of the Corporation’s financial statements. The principal responsibilities of the Audit Committee include: (i) overseeing the quality and

integrity of the internal controls and accounting procedures of the Corporation, including reviewing the Corporation's procedures for internal control with the Corporation's auditor and chief financial officer; (ii) reviewing and assessing the quality and integrity of the Corporation's annual and quarterly financial statements and related management discussion and analysis, as well as all other material continuous disclosure documents; (iii) monitoring compliance with legal and regulatory requirements related to financial reporting; (iv) reviewing and approving the engagement of the auditor of the Corporation and independent audit fees; (v) reviewing the qualifications, performance and independence of the auditor of the Corporation, considering the auditor's recommendations and managing the relationship with the auditor, including meeting with the auditor as required in connection with the audit services provided to the Corporation; (vi) assessing the Corporation's financial and accounting personnel; (viii) reviewing the Corporation's risk management procedures; (ix) reviewing any significant transactions outside of the Corporation's ordinary course of business and any pending litigation involving the Corporation; and (x) examining improprieties or suspected improprieties with respect to accounting and other matters that affect financial reporting.

Composition of the Audit Committee

The following are the current members of the Audit Committee:

Name	Independence	Financial Literacy
Damian Lamb	Independent	Financially Literate
William Curran	Independent	Financially Literate
Jean-Francois Pariseau	Independent	Financially Literate
Jonathan Ross Goodman	Independent	Financially Literate

Relevant Education and Experience

The relevant education and experience of each member of the Audit Committee is provided above, under the heading "Election of Directors". All of the Audit Committee members are independent of management of the Corporation as required by the TSX Venture Exchange and each member is financially literate in that each has the ability to read and understand a set of financial statements that present a breadth and level of complexity of accounting issues that are generally comparable to the breadth and complexity of the issues that can reasonably be expected to be raised by the Corporation's financial statements.

Audit Committee Oversight

At no time since the commencement of the Corporation's most recently completed financial period was a recommendation of the Audit Committee to nominate or compensate an external auditor not adopted by the Board.

Audit Committee Charter

The Audit Committee has adopted specific policies and procedures for the engagement of non-audit services as described in Schedule "A" attached hereto.

External Auditor Service Fees (By Category)

The aggregate fees billed by the Corporation's external auditor in the last two fiscal years as follows:

Financial Year Ending	Audit Fees	Audit Related Fees	Tax Fees	All Other Fees
December 31, 2015	\$162,500	\$10,122	\$74,550	\$192,807
December 31, 2014	\$131,783	\$6,223	\$44,625	\$145,079

Notes:

- (1) Audit fees includes quarter reviews.
- (2) Audit related fees includes out of pocket expenses.
- (3) Tax fees includes fees related to annual tax returns and scientific research credit return along with tax advice.
- (4) All other fees includes audit fees related to prior periods under IFRS and fees related to the qualified transaction.

The Corporation is relying on the exemption provided in Section 6.1 of NI 52-110 as the Corporation is a “venture issuer”. As a result, the Corporation is exempt from the requirements of Part 3 (*Composition of Audit Committee*) and Part 5 (*Reporting Obligations*) of NI 52-110.

AUDITOR

The auditor of the Corporation is PricewaterhouseCoopers LLP, Chartered Professional Accountants, Licensed Public Accountants, PwC Centre, 354 Davis Road, Suite 600, Oakville, ON L6J 0C5. PricewaterhouseCoopers LLP has served as the Corporation’s auditor since June 22, 2015.

CORPORATE GOVERNANCE

The Board assumes overall responsibility for the direction of the Corporation through its delegation to senior management and through the ongoing function of the Board and its committees, as applicable.

Standing Board Committees

The Corporation has established four standing committees of the Board: (1) the Audit Committee; (2) the Corporate Governance and Nominating Committee; (3) the Compensation Committee; and (4) the Executive Committee.

Director Independence

Damian Lamb, Jean-François Pariseau, Jonathan Goodman, William Curran and Arun Menawat are all “independent” for the purposes of Policy 3.1 of the TSX Venture Exchange Corporate Finance Manual. Steven Plymale is non-independent as he is the Chief Executive Officer of the Corporation.

Other Reporting Issuer Experience

The following table sets out the members of the proposed slate that are presently directors of other issuers that are reporting issuers (or the equivalent) in Canada or a foreign jurisdiction, the name of such reporting issuers and the name of the exchange or market applicable to such reporting issuers:

Name	Name of Reporting Issuer	Name of Exchange or Market (if applicable)
William Curran	3D Systems, Inc.	New York Stock Exchange
Arun Menawat	Novadaq Technologies Inc.	Toronto Stock Exchange and NASDAQ
Jonathan Ross Goodman	Knight Therapeutics Inc.	Toronto Stock Exchange

Orientation and Continuing Education

While the Corporation does not currently have a formal orientation and education program for new members of the Board, the Corporation provides such orientation and education on an *ad hoc* and informal basis. The directors believe that these procedures are a practical and effective approach in light of the Corporation’s particular circumstances, including the size of the Corporation and the number, experience and expertise of its directors.

Ethical Business Conduct

The Board expects management to operate the Company's business in a manner that enhances shareholder value and is consistent with the highest level of integrity. The Board monitors the ethical conduct of the Company and ensures that it complies with applicable legal and regulatory requirements, such as those of relevant securities commissions and stock exchanges.

The Board has established a Code of Business Conduct and Ethics, which enshrines the Corporation’s commitment to conducting business in an open and ethical manner, and a Whistleblower Policy, which sets out the responsibilities,

policies and procedures in conjunction with reports that are made pursuant to the Code of Business Conduct and Ethics. In addition, the Corporation has adopted a Restricted Trading Policy, imposing certain trading restrictions on employees and directors, consistent with best practices and a Disclosure Policy, which establishes a procedure for the disclosure of material information to the market.

Collectively, these policies ensure that directors, officers and employees of the Corporation always conduct themselves with integrity and consistent with the highest ethical standards.

Nomination of Directors

The Corporate Governance and Nominating Committee oversees the Corporation's approach to corporate governance matters, including considering nominees for independent directors of the Corporation; and planning for the succession of directors and executive officers of the Corporation, including appointing, training and monitoring senior management to ensure that the board and management have appropriate skill and experience.

The Board seeks nominees that have the following characteristics: a track record in general business management, special expertise in an area of strategic interest to the company, the ability to devote time and support for the Company's mission and strategic objectives.

Director and Executive Compensation

The Compensation Committee oversees the remuneration policies and practices of the Corporation. The principal responsibilities of the Compensation Committee include: (i) considering the Corporation's overall remuneration strategy and, where information is available, verifying the appropriateness of existing remuneration levels using external sources for comparison; (ii) comparing the nature and amount of the Corporation's directors' and executive officers' compensation to performance against goals set for the year while considering relevant comparative information, independent expert advice and the financial position of the Corporation, and (iii) making recommendations to the board in respect of director and executive officer remuneration matters, with the overall objective of ensuring maximum shareholder benefit from the retention of high quality board and executive team members.

In July 2015, Kathern Management was retained to complete a compensation survey for certain senior executives, including the Chief Executive Officer, Chief Financial Officer and the Vice-President of Engineering. As a result of the review, Mr. Kurtz' salary was increased and he was issued additional options.

In May 2016, the Board completed a review of director compensation. Director compensation will be a 30% cash and 70% equity to provide balanced short and long term rewards. For the cash compensation portion, Profound will pay a fixed retainer consistent with a role-based approach. These changes to director compensation were adopted and will come into effect in the current fiscal year.

Assessments

The Corporate Governance and Nominating Committee is authorized to conduct periodic reviews to assess the effectiveness of the Board as a whole and each committee of the Board. No reviews were conducted in the recently completed fiscal year.

Executive Committee

The Executive Committee is responsible for overseeing and assessing the functioning of the Board, including providing strategic direction and advice to management regarding the Corporation's business and affairs.

MANAGEMENT CONTRACTS

The Corporation does not currently have any management contracts in place.

ADDITIONAL INFORMATION

Financial information pertaining to the Corporation is provided in the Corporation's financial statements and management's discussion and analysis ("MD&A") for the financial year ended December 31, 2015. Copies of the Corporation's financial statements and related MD&A can be obtained by contacting Rebecca von Goetz, Senior Marketing & Communications Specialist at 3080 Yonge Street, Suite 4040, Toronto, Ontario, M4N 3N1. **Additional Information relating to the Corporation is available on the SEDAR website at www.sedar.com.**

DIRECTOR APPROVAL

The contents of this Management Information Circular and the sending thereof to the Shareholders, directors and auditor of the Corporation have been approved by the Board.

May 23, 2016

(signed) "*Steven Plymale*"

Steven Plymale

Chief Executive Officer

Schedule “A”

AUDIT COMMITTEE CHARTER PROFOUND MEDICAL CORP.

PROFOUND MEDICAL CORP. (the “Company”)

AUDIT COMMITTEE CHARTER

PURPOSE

The Audit Committee (the “**Committee**”) is a standing committee appointed by the Board of Directors (the “**Board**”) of the Company. The Committee is established to assist the Board in fulfilling its oversight responsibilities with respect to the financial affairs of the Company, including responsibility to:

- oversee the integrity of the Company’s financial statements and financial reporting process, audit process, internal accounting controls and procedures and compliance with related legal and accounting principles;
- oversee the qualifications and independence of the external auditor;
- oversee the work of the Company’s financial management, internal audit function and external auditor in these areas; and
- provide an open avenue of communication between the external auditor, the internal auditors (if any), the Board and the Company’s management.

In addition, the Committee shall prepare, if required, an audit committee report for inclusion in the proxy circular prepared in connection with the Company’s annual meeting of shareholders, in accordance with applicable rules and regulations.

The function of the Committee is oversight. It is not the duty or responsibility of the Committee or its members (i) to plan or conduct audits, (ii) to determine that the Company’s financial statements are complete and accurate and are in accordance with international financial reporting standards or (iii) to conduct other types of auditing or accounting reviews or similar procedures or investigations. The Committee members and its Chair are members of the Board, appointed to the Committee to provide broad oversight of the financial, risk and control-related activities of the Company, and are specifically not accountable or responsible for the day to day operation or performance of such activities. In particular, the member or members identified as audit committee financial experts, if any, shall not be accountable for giving professional opinions on the internal or external audit of the Company’s financial information.

Management is responsible for the preparation, presentation and integrity of the Company’s financial statements. Management is also responsible for ensuring that adequate systems of risk assessment and internal controls and procedures are designed and put in place in accordance with the accounting policies determined by the Committee to provide reasonable assurance that assets are safeguarded and transactions are properly authorized, recorded and reported and to assure the effectiveness and efficiency of operations, the reliability of financial reporting and compliance with accounting standards and with applicable laws and regulations. The internal auditor (if any) is responsible for monitoring and reporting on the adequacy and effectiveness of the system of internal controls. The external auditor is responsible for planning and carrying out an audit of the Company’s annual financial statements in accordance with international financial reporting standards to provide reasonable assurance that, among other things, such financial statements are in accordance with international financial reporting standards.

PROCEDURES

1. Composition – The Committee shall be comprised of at least three members. None of the members of the Committee shall be an officer or employee of the Company or any of its subsidiaries and each member of the Committee shall be an “independent” director (as such term is defined from time to time under the requirements or guidelines for audit committee service under applicable securities laws and the rules of any stock exchange on which the Corporation’s securities are listed for trading) and none of the members shall

have participated in the preparation of the financial statements of the Company or any current subsidiaries of the Company at any time over the past three years.

All members of the Committee must be “financially literate” (as that term is defined from time to time under the requirements or guidelines for audit committee service under securities laws and the rules of any stock exchange on which the Corporation's securities are listed for trading or, if it is not so defined, then as that term is interpreted by the Board of Directors in its business judgment) or must become financially literate within a reasonable period of time after their appointment to the Committee.

2. Appointment and Replacement of Committee Members – Any member of the Committee may be removed or replaced at any time by the Board and shall automatically cease to be a member of the Committee upon ceasing to be a director. The Board may fill vacancies on the committee by appointing another director to the Committee. The Board shall fill any vacancy if the membership of the Committee is less than three directors or if the Committee does not have at least one member with accounting or related financial expertise. Whenever there is a vacancy on the Committee, the remaining members may exercise all its power as long as a quorum remains in office. Subject to the foregoing, the members of the Committee shall be appointed by the Board annually and each member of the Committee shall remain on the Committee until the next annual meeting of shareholders after his or her election or until his or her successor shall be duly elected and qualified.
3. Committee Chair – Unless a Chair of the Committee is designated by the full Board, the members of the Committee may designate a Chair by majority vote of the full Committee. The Chair of each Committee shall be responsible for leadership of the Committee, including preparing the agenda, presiding over the meetings, making committee assignments and reporting to the Board.
4. Conflicts of Interest – If a Committee member faces a potential or actual conflict of interest relating to a matter before the Committee, other than matters relating to the compensation of directors, that member shall be responsible for alerting the Committee Chair. If the Committee Chair faces a potential or actual conflict of interest, the Committee Chair shall advise the Chair of the Board. If the Committee Chair, or the Chair of the Board, as the case may be, concurs that a potential or actual conflict of interest exists, then the member faced with such conflict shall disclose to the Committee the member’s interest and shall not participate in consideration of the matter and shall not vote on the matter.
5. Compensation of Committee Members – The members of the Committee shall be entitled to receive such remuneration for acting as members of the Committee as the Board may from time to time determine. No member of the Committee shall receive from the Company or any of its affiliates any compensation other than the fees to which he or she is entitled as a director or a member of the Committee of the board of the Company or any of its affiliates.
6. Meetings of the Committee -
 - (a) *Procedures for Meetings* – Subject to any applicable statutory or regulatory requirements, the articles and by-laws of the Company and the terms of this Charter, the time at which and place where the meetings of the Committee shall be held and the calling of Committee meetings and the procedure in all things at such meetings shall be determined by the Committee, provided that it is understood that the Committee may meet in person and by telephone or electronic means that permit all persons participating in the meeting to communicate simultaneously and instantaneously and that the Committee may act by means of a written resolution signed by all members entitled to vote on the matter.
 - (b) *Calling of Meetings* – The Committee shall meet as often as it deems appropriate to discharge its responsibilities. Notice of the time and place of every meeting shall be given in writing, by any means of transmitted or recorded communication, including facsimile, telex, telegram or other electronic means that produces a written copy, to each member of the Committee at least 24 hours prior to the time fixed for such meeting. However, a member may in any manner waive a notice of a meeting. Attendance of a member at a meeting constitutes a waiver of notice of the meeting, except where a member attends a meeting for the express purpose of objecting to the transaction of

any business on the grounds that the meeting is not lawfully called. Whenever practicable, the agenda for the meeting and the meeting materials shall be provided to members before the Committee meeting in sufficient time to provide adequate opportunity for their review.

- (c) *Quorum* – A majority of the members of the Committee constitute a quorum for the transaction of Committee business.
- (d) *Chair of Meetings* – If the Chair of the Committee is not present at any meeting of the Committee, one of the other members of the Committee who is present shall be chosen by the Committee to preside at the meeting.
- (e) *Secretary of Meeting* – The Chair of each Committee shall designate a person who need not be a member of the Committee to act as secretary or, if the Chair of the Committee fails to designate such a person, the secretary of the Company shall be secretary of the Committee. The agenda of each Committee meeting will be prepared by the secretary of the Committee and, whenever reasonably practicable, circulated to each member prior to each meeting.
- (f) *Separate Executive Meetings* – The Committee shall meet at least once every year, and more often as warranted, with the Chief Executive Officer and such other officers of the Company as the Committee may determine to discuss any matters that the Committee or such individuals believes should be discussed privately.
- (g) *Minutes* – Minutes of the proceedings of each Committee meeting shall be kept in minute books provided for that purpose. The minutes of Committee meetings shall accurately record the discussions of and decisions made by the Committee, including all recommendations to be made by the Committee to the Board and shall be distributed to all Committee members.

AUDIT RESPONSIBILITIES OF THE COMMITTEE

Fundamental Powers

- 7. Subject to any applicable statutory or regulatory requirements, the articles and by-laws of the Corporation and the terms of this Charter, the Committee shall have the following fundamental powers in addition to any powers set out in this Charter or otherwise specified by the Board from time to time:
 - (a) *Access* – The Committee is entitled to full access to all books, records, facilities, and personnel of the Company and its subsidiaries. The Committee may require such officers, directors and employees of the Company and its subsidiaries and others as it may see fit from time to time to provide any information about the Company and its subsidiaries it may deem appropriate and to attend and assist at meetings of the Committee.
 - (b) *Delegation* – The Committee may delegate from time to time to any person or committee of persons any of the Committee’s responsibilities that lawfully may be delegated.
 - (c) *Adoption of Policies and Procedures* – The Committee may adopt policies and procedures for carrying out its responsibilities.

Selection and Oversight of the External Auditor

- 8. The external auditor is ultimately accountable to the Committee and the Board as the representatives of the shareholders of the Company and shall report directly to the Committee and the Committee shall so instruct the external auditor. The Committee shall evaluate the performance of the external auditor and make recommendations to the Board on the appointment, reappointment or replacement of the external auditor of the Company to be proposed in the Company’s proxy circular for shareholder approval and shall have authority to terminate the external auditor. If a change in external auditor is proposed, the Committee shall review the reasons for the change and any other significant issues related to the change, including the response of the incumbent auditors, and enquire as to the qualifications of the proposed auditors before making its recommendation to the Board.

9. The Committee shall approve in advance the terms of engagement and the compensation to be paid by the Company to the external auditor with respect to the conduct of the annual audit. The Committee may approve policies and procedures for the pre-approval of services to be rendered by the external auditor, which policies and procedures shall include reasonable detail with respect to the services covered. All non-audit services to be provided to the Company or any of its affiliates by the external auditor or any of its affiliates which are not covered by pre-approval policies and procedures approved by the Committee shall be subject to pre-approval by the Committee.
10. The Committee shall review the independence of the external auditor and shall make recommendations to the Board on appropriate actions to be taken which the Committee deems necessary to protect and enhance the independence of the external auditor. In connection with such review, the Committee shall:
 - (a) actively engage in a dialogue with the external auditor about all relationships or services that may impact the objectivity and independence of the external auditor;
 - (b) require that the external auditor submit to it on a periodic basis and, at least annually, a formal written statement delineating all relationships between the Company and its subsidiaries, on the one hand, and the external auditor and its affiliates, on the other hand;
 - (c) consider whether there should be a regular rotation of the audit partners responsible for performing the audit and/or of the external audit firm itself; and
 - (d) consider the auditor independence standards promulgated by applicable auditing regulatory and professional bodies.
11. The Committee shall consider whether to prohibit the external auditor and its affiliates from providing certain non-audit services to the Company and its affiliates.
12. The Committee shall establish and monitor clear policies for the hiring by the Company of employees or former employees of the external auditor.
13. The Committee shall require the external auditor to provide to the Committee, and the Committee shall review and discuss with the external auditor, all reports which the external auditor is required to provide to the Committee or the Board under rules, policies or practices of professional or regulatory bodies applicable to the external auditor, and any other reports which the Committee may require.
14. The Committee is responsible for resolving disagreements between management and the external auditor regarding financial reporting.

Appointment and Oversight of Internal Auditors (If Any)

15. The appointment, authority, budget, replacement or dismissal of the internal auditors, if any, shall be subject to prior review and approval by the Committee. When any such internal audit function is performed by employees of the Company or its subsidiaries, the Committee may delegate responsibility for approving the employment, term of employment, compensation and termination of employees engaged in such function other than the head of the Company's internal audit function.
16. The Committee shall obtain from the internal auditors (if any), and shall review, summaries of the significant reports to management prepared by any such internal auditors (or the actual reports if requested by the Committee) and management's responses to such reports.
17. The Committee shall, as it deems necessary, communicate with the internal auditors (if any) with respect to their reports and recommendations, the extent to which prior recommendations have been implemented and any other matters that such internal auditors bring to the attention of the Committee. The head of the internal audit function (if one exists) shall have unrestricted access to the Committee.
18. The Committee shall, annually or more frequently as it deems necessary, evaluate the internal auditors (if any), including their activities, organizational structure and qualifications and effectiveness.

Oversight and Monitoring of Audits

19. The Committee shall review with the external auditor, the internal auditors (if any) and management the audit function generally, the objectives, staffing, locations, co-ordination, reliance upon management and internal audit and general audit approach and scope of proposed audits of the financial statements of the Company and its subsidiaries, the overall audit plans, the responsibilities of management, the internal auditors (if any) and the external auditor, the audit procedures to be used and the timing and estimated budgets of the audits.
20. The Committee shall meet periodically as it deems necessary with the internal auditor (if any) to discuss the progress of their activities and any significant findings stemming from internal audits and any difficulties or disputes that arise with management and the adequacy of management's responses in correcting audit-related deficiencies.
21. The Committee shall discuss with the external auditor any difficulties or disputes that arose with management or the internal auditors (if any) during the course of the audit, any restrictions on the scope of activities or access to requested information and the adequacy of management's responses in correcting audit-related deficiencies.
22. The Committee shall review with management the results of internal (if any) and external audits.
23. The Committee shall take such other reasonable steps as it may deem necessary to satisfy itself that the audit was conducted in a manner consistent with all applicable legal requirements and auditing standards of applicable professional or regulatory bodies.

Oversight and Review of Accounting Principles and Practices

24. The Committee shall, as it deems necessary, oversee, review and discuss with management, the external auditor and the internal auditors (if any):
 - (a) the quality, appropriateness and acceptability of the Company's accounting principles and practices and that of its subsidiaries used in its financial reporting, changes in the Company's accounting principles or practices and that of its subsidiaries and the application of particular accounting principles and disclosure practices by management to new transactions or events;
 - (b) all significant financial reporting issues and judgments made in connection with the preparation of the financial statements, including the effects of alternative methods within international financial reporting standards on the financial statements and any "second opinions" sought by management from any other auditor firm or advisor with respect to the accounting treatment of a particular item;
 - (c) disagreements between management and the external auditor or the internal auditors (if any) regarding the application of any accounting principles or practices;
 - (d) any material change to the Company's auditing and accounting principles and practices or that of its subsidiaries as recommended by management, the external auditor or the internal auditors (if any) or which may result from proposed changes to applicable international financial reporting standards;
 - (e) the effect of regulatory and accounting initiatives on the Company's financial statements and other financial disclosures;
 - (f) any reserves, accruals, provisions, estimates or management programs and policies, including factors that affect asset and liability carrying values and the timing of revenue and expense recognition, that may have a material effect upon the financial statements of the Company;
 - (g) the use of special purpose entities and the business purpose and economic effect of off-balance sheet transactions, arrangements, obligations, guarantees and other relationships of the Company or its subsidiaries and their impact on the financial results of the Company;

- (h) any legal matter, claim or contingency that could have a significant impact on the financial statements, the Company's compliance policies and that of its subsidiaries and any material reports, inquiries or other correspondence received from regulators or governmental agencies and the manner in which any such legal matter, claim or contingency has been disclosed in the Company's financial statements;
 - (i) the treatment for financial reporting purposes of any significant transactions which are not a normal part of the Company's operations or those of its subsidiaries;
 - (j) the use of any "pro forma" or "adjusted" information not in accordance with generally accepted accounting principles; and
 - (k) management's determination of goodwill impairment, if any, as required by applicable accounting standards.
25. The Committee will review and resolve disagreements between management and the external auditor regarding financial reporting or the application of any accounting principles or practices.

Oversight and Monitoring of Internal Controls

26. The Committee shall, as it deems necessary, exercise oversight of, review and discuss with management, the external auditor and the internal auditors (if any):
- (a) the adequacy and effectiveness of the Company's internal accounting and financial controls and also of its subsidiaries and the recommendations of management, the external auditor and the internal auditors (if any) for the improvement of accounting practices and internal controls;
 - (b) any significant deficiencies or material weaknesses in the internal control environment, including with respect to computerized information system controls and security;
 - (c) any fraud that involves personnel who have a significant role in the Company's internal control over financial reporting or that of its subsidiaries; and
 - (d) management's compliance with the Company's processes, procedures and internal controls.

Communications with Others

27. The Committee shall establish and monitor procedures for the receipt and treatment of complaints received by the Company and its subsidiaries regarding accounting, internal accounting controls or audit matters and the anonymous submission by employees of concerns regarding questionable accounting or auditing matters and shall review periodically with management and the internal auditors (if any) these procedures and any significant complaints received.

Oversight and Monitoring of the Company's Financial Disclosures

28. The Committee shall:
- (a) review with the external auditor and with management and shall recommend to the Board for approval the financial statements and the notes and Management's Discussion and Analysis (if any) accompanying such financial statements, the Company's annual report and any financial information of the Company contained in any prospectus or information circular of the Company; and
 - (b) review, as necessary, with the external auditor and with management each set of interim financial statements and the notes and Management's Discussion and Analysis (if any) accompanying such financial statements and any other disclosure documents or regulatory filings of the Company containing or accompanying financial information of the Company.

Such reviews shall be conducted prior to the release of any summary of the financial results or the filing of such reports with applicable regulators.

29. The Committee shall review the disclosure with respect to its pre-approval of audit and non-audit services provided by the external auditor.

Oversight of Finance and Financial Risk Matters

30. Appointments of the key financial executives involved in the financial reporting process of the Company, including the Chief Financial Officer, shall require the prior review of the Committee.
31. The Committee shall receive and review:
 - (a) periodic reports on compliance with requirements regarding statutory deductions and remittances and, in the event of any non-compliance, the nature and extent of the non-compliance, the reasons therefor and management's plan and timetable to correct any deficiencies;
 - (b) material policies and practices of the Company and its subsidiaries respecting cash management and material financing strategies or policies or proposed financing arrangements and objectives of the Company and its subsidiaries; and
 - (c) material tax policies and tax planning initiatives, tax payments and reporting and any pending tax audits or assessments.
32. The Committee shall meet periodically with management to review and discuss the Company's major financial risk exposures and the policy steps that management has taken to monitor and control such exposures, including the use of financial derivatives and hedging activities and the Company's insurance programs.
33. The Committee shall receive and review the financial statements and other financial information of material subsidiaries of the Company and any auditor recommendations concerning such subsidiaries.
34. The Committee shall meet with management to review the process and systems in place for ensuring the reliability of public disclosure documents that contain audited and unaudited financial information and their effectiveness.

Additional Responsibilities

35. The Committee shall review and make recommendations to the Board concerning the financial structure, condition and strategy of the Company and its subsidiaries, including with respect to annual budgets, long-term financial plans, corporate borrowings, investments, capital expenditures, long term commitments and the issuance and/or repurchase of shares.
36. The Committee shall review and/or approve any other matter specifically delegated to the Committee by the Board and undertake on behalf of the Board such other activities as may be necessary or desirable to assist the Board in fulfilling its oversight responsibilities with respect to financial reporting and the Company's financial obligations.

THE CHARTER

The Committee shall review and reassess the adequacy of this Charter periodically as it deems appropriate and recommend changes to the Board. The performance of the Committee shall be evaluated with reference to this Charter annually or otherwise periodically as deemed appropriate by the Board.

