As filed with the Securities and Exchange Commission on June 29, 2017

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

FORM S-1
(Amendment No. 2)
REGISTRATION STATEMENT UNDER THE SECURITIES ACT OF 1933

IntelGenx Technologies Corp.
(Exact Name of Registrant as Specified in its Charter)

Delaware
(State or other jurisdiction of incorporation or organization)
2834
(Primary Standard Industrial Classification Code Number)
87-0638336
(I.R.S. Employer Identification Number)

6420 Abrams, Ville Saint Laurent
Quebec, H4S 1Y2 Canada
(514) 331-7440

(Address, including zip code, and telephone number, including area code, of registrant’s principal executive offices)

Horst G. Zerbe
Chief Executive Officer
IntelGenx Technologies Corp.
6420 Abrams, Ville Saint Laurent
Quebec, H4S 1Y2 Canada
(514) 331-7440

(Name, address, including zip code, and telephone number, including area code, of agent for service)

With Copies of Communications to:
Richard Raymer
Dorsey & Whitney LLP
TD Canada Trust Tower
Brookfield Place, 161 Bay Street, Suite 4310
Toronto, Ontario M5J 2S1 Canada
Tel: (416) 367-7388

Approximate Date of Commencement of Proposed Sale to the Public: As soon as possible after this Registration Statement becomes effective.

If any of the securities being registered on this Form are to be offered on a delayed or continuous basis pursuant to Rule 415 under the Securities Act of 1933, as amended (the “Securities Act”), check the following box. [ ]

If this Form is filed to register additional securities for an offering pursuant to Rule 462(b) under the Securities Act, please check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. [ ]

If this Form is a post-effective amendment filed pursuant to Rule 462(c) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. [ ]
If this Form is a post-effective amendment filed pursuant to Rule 462(d) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. [ ]

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer or a smaller reporting company. See the definitions of “large accelerated filer,” “accelerated filer” and “smaller reporting company” in Rule 12b-2 of the Exchange Act.

Large accelerated filer [ ]
Accelerated filer [ ]
Non-accelerated filer [ ] (Do not check if a smaller reporting company)
Smaller reporting company [X]
<table>
<thead>
<tr>
<th>Title of Each Class of Securities to be Registered</th>
<th>Amount to be Registered</th>
<th>Proposed Maximum Aggregate Offering Price ($)</th>
<th>Amount of Registration Fee ($)</th>
</tr>
</thead>
<tbody>
<tr>
<td>8% Convertible Unsecured Subordinated Debentures due June 30, 2020 (2)</td>
<td>10,000</td>
<td>7,513,150(1)</td>
<td>871</td>
</tr>
<tr>
<td>Shares of Common Stock issuable upon conversion or redemption of the 8% Convertible Unsecured Subordinated Debentures due June 30, 2020 (2)</td>
<td>11,949,921</td>
<td>0(2)</td>
<td>0(2)</td>
</tr>
<tr>
<td>Shares of Common Stock in lieu of monetary interest payments (3)</td>
<td>4,800,000(4)</td>
<td>1,803,156(5)</td>
<td>209</td>
</tr>
<tr>
<td>Total</td>
<td></td>
<td>9,316,306</td>
<td>1,080(6)</td>
</tr>
</tbody>
</table>

(1) Equals the aggregate principal amount of the Debentures to be registered hereunder based on the conversion of the Canadian dollar denominated maximum offering amount of CA$10,000,000 at the daily exchange rate as published by the Bank of Canada on March 31, 2017 of U.S. $1.00 = CA$1.3310.

(2) In accordance with Rule 457(i) under the Securities Act, this registration statement also registers the shares of our common stock that are initially issuable upon conversion of the 8% Convertible Unsecured Subordinated Debentures due June 30, 2020, or the notes, registered hereby. No separate consideration will be paid for these shares of common stock and therefore no additional registration fee is required pursuant to Rule 457(i). The number of shares of our common stock issuable upon such conversion is estimated for purposes of this fee table to be 11,949,921 based on the closing price of our shares of Common Stock as quoted on the TSX-V on May 9, 2017 converted using the daily exchange rate as published by the Bank of Canada on May 10, 2017 of U.S. $1.00 = CA$1.3672, plus an allowance for adjustments upon the occurrence of certain events described herein under the heading “Description of the Securities we are Offering – Conversion Privilege”.

(3) Represents the maximum aggregate offering price of shares of common stock that may be issued in lieu of monetary interest payments, in accordance with Rule 457(o).

(4) The number of shares of our common stock issuable in lieu of monetary payments is estimated for purposes of this fee table to be 4,800,000 based on the closing price of our shares of Common Stock as quoted on the TSX-V on March 31, 2017, plus an allowance for fluctuations in market share price.

(5) Equals the aggregate interest amount due under the Debentures (CA$2,400,000) based on the conversion of the Canadian dollar denominated maximum offering amount of CA$10,000,000 at the daily exchange rate as published by the Bank of Canada on March 31, 2017 of U.S. $1.00 = CA$1.3310.

(6) Previously paid.

The registrant hereby amends this Registration Statement on such date or dates as may be necessary to delay its effective date until the registrant shall file a further amendment which specifically states that this Registration Statement shall thereafter become effective in accordance with Section 8(a) of the Securities Act of 1933 or until the Registration Statement shall become effective on such date as the Commission, acting pursuant to said Section 8(a), may determine.
The information in this prospectus is not complete and may be changed. We may not sell these securities until the registration statement filed with the Securities and Exchange Commission is effective. This prospectus is not an offer to sell these securities and it is not soliciting an offer to buy these securities in any jurisdiction where the offer or sale is not permitted.

SUBJECT TO COMPLETION, DATED JUNE 29, 2017

PROSPECTUS

Maximum: CA$10,000,000
Minimum: CA$5,000,000
8% Convertible Unsecured Subordinated Debentures due June 30, 2020
Shares of Common Stock Issuable Upon Conversion or Redemption of Debentures
Shares of Common Stock Issuable for Interest Payments

We are offering (the “Offering”) a minimum of CA$7,000,000 and a maximum of CA$10,000,000 of 8% convertible unsecured subordinated debentures (the “Debentures”) due June 30, 2020 (the “Maturity Date”) at a price of CA$1,000 per Debenture (the “Offering Price”). The Debentures will bear interest at an annual rate of 8% payable semi-annually on the last day of June and December of each year (or the immediately following business day if any interest payment date would not otherwise be a business day), commencing on December 31, 2017. The Debentures will be redeemable, in whole or in part, at our option on the terms described in this registration statement. The Debentures will not be redeemable prior to June 30, 2018 (the “First Call Date”). This registration statement also relates to the offering of our shares of common stock (the “Shares”) issuable upon conversion of the Debentures and issuable in lieu of monetary interest payments.

Each Debenture will be convertible into Shares at the option of the holder at any time prior to the close of business on the earlier of the Maturity Date and the business day immediately preceding the date specified by us for redemption of Debentures. During such period, each Debenture will be convertible at a conversion price of CA$1.35 per Share (the “Conversion Price”), being a conversion rate of approximately 740 Shares per CA$1,000 principal amount of Debentures, subject to adjustment in certain events in accordance with the Indenture (as defined herein).

The TSX Venture Exchange (the “TSXV”) has conditionally approved the listing of the Debentures distributed under this prospectus and the Shares issuable on the conversion of the Debentures or otherwise. Listing will be subject to us fulfilling the applicable listing requirements of the TSXV, including distribution of the Debentures to a minimum number of public holders.

Our common stock is quoted on the OTCQX under the symbol “IGXT” and on the TSXV under the symbol “IGX”. The closing price of our common stock as quoted on the OTCQX on June 27, 2017 was $1.00, and the closing price of our common stock on the TSXV on June 27, 2017 was CA$1.37.

Investing in our securities involves a high degree of risk. You should invest in the Debentures only if you can afford to lose your entire investment. See “Risk Factors” beginning on page 11.

Desjardins Securities Inc. (the “Lead Agent”), and Laurentian Bank Securities Inc. and their U.S. registered broker dealer affiliates (collectively with the Lead Agent, the “Agents”) have agreed to conditionally offer the Debentures for sale, on a best efforts basis, if, as and when issued by us and in accordance with the conditions contained in the Agency Agreement. The Agents are not purchasing the Debentures offered by us, and are not required to sell any specific number or dollar amount of Debentures, but will assist us in this offering on a commercially reasonable “best efforts” basis. We have agreed to pay the Agents a cash fee equal to 6% of the gross proceeds of the offering of Debentures by us. See “Plan of Distribution” beginning on page 77 for more information on this offering and the arrangements with the Agents. All costs associated with the registration will be borne by us.

<table>
<thead>
<tr>
<th>Per Debenture</th>
<th>Price to the Public</th>
<th>Agency Fee</th>
<th>Net Proceeds to the Corporation (1)</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>CA$1,000</td>
<td>CA$60 or 6.0%</td>
<td>CA$940.00</td>
</tr>
<tr>
<td>Minimum Offering (2)</td>
<td>CA$5,000,000</td>
<td>CA$300,000 or 6.0%</td>
<td>CA$4,700,000</td>
</tr>
<tr>
<td>Maximum Offering</td>
<td>CA$10,000,000</td>
<td>CA$600,000 or 6.0%</td>
<td>CA$9,400,000</td>
</tr>
</tbody>
</table>

Notes

(1) Before deducting the expenses of the Offering, estimated at CA$450,000, which, together with the fee payable to the Agents pursuant to the terms of the Agency Agreement, the Corporation will pay from the proceeds of the Offering.

(2) There will be no closing of the Offering unless a minimum of CA$7,000,000 of Debentures (the “Minimum Offering”) are sold.

This offering will terminate at the discretion of the Agents, unless the offering is fully subscribed before such date or we decide to terminate the offering prior to that date. In either event, the offering may be closed without further notice to you. We expect that delivery of the Debentures being offered pursuant to this prospectus will be made to the purchasers on or about July 12, 2017.

Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved of these securities or passed upon the adequacy or accuracy of this prospectus. Any representation to the contrary is a criminal offense.

The date of this prospectus is June 29, 2017
You should rely only on the information contained in this prospectus and any related free writing prospectus that we may provide to you in connection with this offering. We have not, and the Agents have not, authorized any other person to provide you with different information. If anyone provides you with different or inconsistent information, you should not rely on it. We are not, and the Agents are not, making an offer to sell these securities in any jurisdiction where the offer or sale is not permitted. You should assume that the information appearing in this prospectus is accurate only as of the date on the front cover of this prospectus. Our business, financial condition, results of operations and prospects may have changed since that date. Neither the delivery of this prospectus nor any sale made in connection with this prospectus shall, under any circumstances, create any implication that there has been no change in our affairs since the date of this prospectus or that the information contained in this prospectus is correct as of any time after its date.
FORWARD-LOOKING STATEMENTS

Certain statements included or incorporated by reference in this prospectus constitute forward-looking statements within the meaning of applicable securities laws. All statements contained in this registration statement that are not clearly historical in nature are forward-looking, and the words “anticipate”, “believe”, “continue”, “expect”, “estimate”, “intend”, “may”, “plan”, “will”, “shall” and other similar expressions are generally intended to identify forward-looking statements within the meaning of Section 27A of the Securities Act of 1933 and Section 21E of the Securities Exchange Act of 1934. All forward-looking statements are based on our beliefs and assumptions based on information available at the time the assumption was made. These forward-looking statements are not based on historical facts but on management’s expectations regarding future growth, results of operations, performance, future capital and other expenditures (including the amount, nature and sources of funding thereof), competitive advantages, business prospects and opportunities. Forward-looking statements involve significant known and unknown risks, uncertainties, assumptions and other factors that may cause our actual results, levels of activity, performance or achievements to differ materially from those implied by forward-looking statements. These factors should be considered carefully and prospective investors should not place undue reliance on the forward-looking statements. Although the forward-looking statements contained in this registration statement or incorporated by reference herein are based upon what management believes to be reasonable assumptions, there is no assurance that actual results will be consistent with these forward-looking statements. These forward-looking statements are made as of the date of this registration statement or as of the date specified in the documents incorporated by reference herein, as the case may be.

Forward-looking statements relate to analyses and other information that are based on forecasts of future results, estimates of amounts not yet determinable and other uncertain events. Forward-looking statements, by their nature, are based on assumptions, including those described below, and involve known and unknown risks, uncertainties and other factors that may cause the actual results, performance or achievements to differ materially from those expressed in the forward-looking statements. Any forecasts or forward-looking predictions or statements cannot be relied upon due to, among other things, changing external events and general uncertainties of the business. Results indicated in forward-looking statements may differ materially from actual results for a number of reasons, including without limitation, risks associated with the ability to obtain sufficient and suitable financing to support operations, R&D clinical trials and commercialization of products; the ability to execute partnerships and corporate alliances; uncertainties relating to the regulatory approval process; the ability to develop drug delivery technologies and manufacturing processes that result in competitive advantage and commercial viability; the impact of competitive products and pricing and the ability to successfully compete in the targeted markets; the successful and timely completion of pre-clinical and clinical studies; the ability to attract and retain key personnel and key collaborators; the ability to adequately protect proprietary information and technology from competitors; and the ability to ensure that we do not infringe upon the rights of third parties. Material factors or assumptions that were applied in drawing a conclusion or making an estimate set out in the forward-looking information include the factors identified throughout this prospectus. The forward-looking statements contained in this prospectus represent our expectations as of the date of this prospectus, and are subject to change after such date. We any intention or obligation to update or revise any forward-looking statements whether as a result of new information, future events or otherwise, except as required under applicable securities regulations. We undertake no obligation to update any forward-looking statements to reflect events or circumstances after the date on which such statements were made or to reflect the occurrence of unanticipated events, except as may be required by applicable securities laws.

Before you invest in the Debentures you should be aware that the occurrence of the events described as risk factors and elsewhere in this prospectus could have a material adverse effect on our business, operating results and financial condition.

PROSPECTUS SUMMARY

This summary highlights selected information contained elsewhere in this prospectus. To fully understand this offering, you should read the entire prospectus carefully, including the more detailed information regarding our company, the risks of purchasing our common stock discussed under “risk factors,” and our financial statements and the accompanying notes. In this prospectus, the words "Corporation," "IntelGenx" "we," "us," and "our," refer collectively to IntelGenx Technologies Corp. and IntelGenx Corp., our wholly-owned Canadian subsidiary.

All amounts are US$ unless otherwise indicated. Unless otherwise indicated, the term "year," "fiscal year" or "fiscal" refers to our fiscal year ending December 31 st.

Corporate History

Our predecessor company, Big Flash Corp., was incorporated in Delaware on July 27, 1999. On April 28, 2006, Big Flash, through its Canadian holding corporation, completed the acquisition of IntelGenx Corp., a Canadian company incorporated on June 15, 2003. Big Flash did not have any operations prior to the acquisition of IntelGenx Corp. In connection with the acquisition, we changed our name from Big Flash Corp. to IntelGenx Technologies Corp. IntelGenx Corp. has continued operations as our operating subsidiary.
Our Business

Overview

We are a drug delivery company established in 2003 and headquartered in Montreal, Quebec, Canada. Our focus is on the development of novel oral immediate-release and controlled-release products for the pharmaceutical market. More recently, we have made the strategic decision to enter the oral film market and are in the process of implementing commercial oral film manufacturing capability. This enables us to offer our partners a comprehensive portfolio of pharmaceutical services, including pharmaceutical R&D, clinical monitoring, regulatory support, tech transfer and manufacturing scale-up, and commercial manufacturing.

Our business strategy is to develop pharmaceutical products based on our proprietary drug delivery technologies and, once the viability of a product has been demonstrated, to license the commercial rights to partners in the pharmaceutical industry. In certain cases, we rely upon partners in the pharmaceutical industry to fund development of the licensed products, complete the regulatory approval process with the U.S. Food and Drug Administration (“FDA”) or other regulatory agencies relating to the licensed products, and assume responsibility for marketing and distributing such products.

In addition, we may choose to pursue the development of certain products until the project reaches the marketing and distribution stage. We will assess the potential for successful development of a product and associated costs, and then determine at which stage it is most prudent to seek a partner, balancing such costs against the potential for additional returns earned by partnering later in the development process.

Managing our project pipeline is a key success factor for the Corporation. We have undertaken a strategy under which we will work with pharmaceutical companies in order to apply our oral film technology to pharmaceutical products for which patent protection is nearing expiration, a strategy which is often referred to as “lifecycle management”. Under §(505)(b)(2) of the Food, Drug, and Cosmetics Act, the FDA may grant market exclusivity for a term of up to three years of exclusivity following approval of a listed drug that contains previously approved active ingredients but is approved in a new dosage, dosage form, route of administration or combination.

The 505(b)(2) pathway is also the regulatory approach to be followed if an applicant intends to file an application for a product containing a drug that is already approved by the FDA for a certain indication and for which the applicant is seeking approval for a new indication or for a new use, the approval of which is required to be supported by new clinical trials, other than bioavailability studies. We have implemented a strategy under which we actively look for such so-called “repurposing opportunities” and determine whether our proprietary VersaFilm™ technology adds value to the product. We currently have two such drug repurposing projects in our development pipeline.

We continue to develop the existing products in our pipeline and may also perform research and development on other potential products as opportunities arise.

We have established a state-of-the-art manufacturing facility with the intent to manufacture all our VersaFilm™ products in-house as we believe that this:

1) represents a profitable business opportunity,
2) will reduce our dependency upon third-party contract manufacturers, thereby protecting our manufacturing process know-how and intellectual property, and
3) allows us to offer our clients and development partners a full service from product conception through to supply of the finished product.

Our Offices and Other Corporate Information

Our executive offices are located at 6420 Abrams, Ville Saint-Laurent, Quebec, H4S 1Y2, Canada, and our telephone number is (514) 331-7440. Our web site address is http://www.IntelGenx.com. Information contained on our web site is not a part of this prospectus.
THE OFFERING

Offering:
Minimum: CA$5,000,000 aggregate principal amount of Debentures
Maximum: CA$10,000,000 aggregate principal amount of Debentures

Offering Price:
CA$1,000 per Debenture

Use of Proceeds:
The net proceeds from the Offering will be used for capital expansion, clinical studies, product development and general working capital requirements. See “Use of Proceeds.”

Interest Rate:
8% per annum. The interest will be payable semi-annually on the last day of June and December of each year, commencing on December 31, 2017.

Maturity Date:
June 30, 2020

Conversion:
Each Debenture will be convertible into Shares at the option of the holder at any time prior to the Maturity Date and the business day immediately preceding the date specified by us for redemption of Debentures. During such period, each Debenture will be convertible at a conversion price of $1.35 per Share, being a conversion rate of approximately 740 Shares per CA$1,000 principal amount of Debentures, subject to adjustment in certain events. Holders converting their Debentures will receive accrued and unpaid interest thereon for the period from the date of the latest interest payment date to, but excluding, the date of conversion.

Redemption:
The Debentures will not be redeemable prior to June 30, 2018. On and after June 30, 2018, but prior to June 30, 2019, the Debentures will be redeemable, in whole or in part, at a price equal to the principal amount thereof, plus accrued and unpaid interest, at our sole option on not more than 60 days' and not less than 30 days' prior notice, provided that the weighted average trading price of the Shares on the TSXV for the 20 consecutive trading days ending five trading days preceding the date on which notice of redemption is given is not less than 125% of the conversion price of CA$1.35. On and after June 30, 2019 and prior to the Maturity Date, the Debentures will be redeemable, in whole or in part, at a price equal to the principal amount thereof, plus accrued and unpaid interest, at our sole option on not more than 60 days' and not less than 30 days' prior notice.

Purchase:
Provided that no Event of Default has occurred and is continuing, the Corporation will have the right to purchase Debentures in the market, by tender or by private contract, subject to regulatory requirements.

Conversion at Corporation's Option:
We may, following June 30, 2018, subject to any required regulatory approval and provided that no Event of Default has occurred and is continuing, on not more than 60 days' and not less than 30 days' prior notice, elect to satisfy its obligation to pay the principal amount of the Debentures that are to be redeemed or the principal amount of and premium (if any) on the Debentures that are to mature by issuing and delivering for each CA$1,000 due, that number of freely tradeable Shares obtained by dividing the CA$1,000 principal amount of the Debentures that is to be redeemed or that are to mature, as the case may be, by 95% of the weighted average trading price of the Shares on the TSXV for the 20 consecutive trading days ending on the fifth trading day preceding the date fixed for redemption or maturity, as the case may be. Interest accrued and unpaid on the Debentures that are to be redeemed or that are to mature will be paid to holders of Debentures in cash.

Share Interest Payment Election:
We may elect, from time to time, subject to any required regulatory approval and provided that no Event of Default has occurred and is continuing, to satisfy, subject to securing all necessary regulatory approvals and on not more than 30 days' and not less than 15 days' prior notice, all or part of its interest payment obligations by delivering sufficient freely tradeable Shares, at a price per Share equal to the market price (as defined by the policies of the TSXV) on the day before the public announcement by us of our intention to satisfy its interest payment obligations in Shares.
Change of Control: Upon the occurrence of a Change of Control involving the acquisition of voting control or direction over 66 2/3% or more of our Shares, we will be required to make an offer to purchase, within 30 days following the consummation of the Change of Control, all of the Debentures at a price equal to 101% of the principal amount thereof plus accrued and unpaid interest.

Rank: The payment of the principal of, and interest on, the Debentures will be subordinated in right of payment to the prior payment in full of all of our Senior Indebtedness, including indebtedness under our present and future bank credit facilities and any other secured creditors. See “Description of the Securities We are Offering - Subordination”.

Listing: The TSXV has conditionally approved the listing of the Debentures and the Shares issuable on the conversion of the Debentures. Listing will be subject to fulfilling the applicable listing requirements of the TSXV, including distribution of the Debentures to a minimum number of public holders.

Common stock outstanding prior to the offering: 65,422,020

Common stock issuable on exercise of the Debentures 7,407,407

Common stock to be outstanding after the offering: 72,829,427

Risk Factors See “Risk Factors” beginning on page 11 and other information in this prospectus for a discussion of the factors you should consider before you decide to invest in our securities.

OTCQX Ticker Symbol for Common Stock: IGXT

TSX Venture Exchange Symbol IGX for Common Stock:

(1) Assumes the sale of all of the Debentures offered hereby. The number of shares of common stock shown above to be outstanding after this offering is based on 65,422,020 shares outstanding as of March 31, 2017 and excludes:

- 2,960,000 shares of common stock issuable upon exercise of outstanding stock options, at a weighted average exercise price of $0.63 per share;
- 5,614,358 additional shares of common stock reserved for issuance under a warrant agreement at an exercise price of $0.5646 per share;
- 1,938,954 additional shares of common stock reserved for future issuance under our amended and restated 2016 option plans; and
- shares of common stock issuable upon conversion of the Debentures offered hereby.
SUMMARY HISTORICAL FINANCIAL INFORMATION

The following tables set forth our summary historical financial information. You should read this information together with the financial statements and the notes thereto appearing elsewhere in this prospectus and the information under "Management's Discussion and Analysis of Financial Condition and Results of Operations."

RESULTS OF OPERATIONS:

<table>
<thead>
<tr>
<th>In U.S.$ thousands</th>
<th>Twelve-month period ended December 31, 2016</th>
<th>Three-month Period ended March 31, 2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>Revenue</td>
<td>$ 5,220</td>
<td>1,353</td>
</tr>
<tr>
<td>Cost of Royalty and License Revenue</td>
<td>319</td>
<td>92</td>
</tr>
<tr>
<td>Research and Development Expenses</td>
<td>1,766</td>
<td>644</td>
</tr>
<tr>
<td>Selling, General and Administrative Expenses</td>
<td>3,605</td>
<td>904</td>
</tr>
<tr>
<td>Depreciation of tangible assets</td>
<td>511</td>
<td>170</td>
</tr>
<tr>
<td>Operating Income (Loss)</td>
<td>(981)</td>
<td>(457)</td>
</tr>
<tr>
<td>Net Income (Loss)</td>
<td>(1,180)</td>
<td>(512)</td>
</tr>
<tr>
<td>Comprehensive Income (Loss)</td>
<td>(1,473)</td>
<td>(468)</td>
</tr>
</tbody>
</table>

BALANCE SHEET:

<table>
<thead>
<tr>
<th>In U.S.$ thousands</th>
<th>December 31, 2016</th>
<th>March 31, 2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>Current Assets</td>
<td>$ 6,352</td>
<td>4,966</td>
</tr>
<tr>
<td>Leasehold improvements and Equipment</td>
<td>5,730</td>
<td>5,833</td>
</tr>
<tr>
<td>Security Deposits</td>
<td>708</td>
<td>714</td>
</tr>
<tr>
<td>Current Liabilities</td>
<td>5,235</td>
<td>4,073</td>
</tr>
<tr>
<td>Deferred lease obligations</td>
<td>45</td>
<td>46</td>
</tr>
<tr>
<td>Long-term debt</td>
<td>2,565</td>
<td>2,410</td>
</tr>
<tr>
<td>Capital Stock</td>
<td>1</td>
<td>1</td>
</tr>
<tr>
<td>Additional Paid-in-Capital</td>
<td>23,700</td>
<td>24,207</td>
</tr>
</tbody>
</table>
RISK FACTORS

Our business faces many risks. Any of the risks discussed below, or elsewhere in this registration statement or in our other filings with the Securities and Exchange Commission (“SEC”), could have a material impact on our business, financial condition, or results of operations.

Risks Relating To the Offering

There is currently no public market for the Debentures.

There is currently no market through which the Debentures may be sold and purchasers may not be able to resell Debentures purchased under this Prospectus. There can be no assurance that an active trading market will develop for the Debentures after the Offering, or if developed, that such market will be sustained at the price level of the Offering.

The Debentures will be unsecured, subordinated obligations and the likelihood that purchasers of the Debentures will receive payments owing to them under the terms of the Debentures will depend on our financial condition and creditworthiness. The Indenture governing the Debentures contains limited covenant protection.

The likelihood that purchasers of the Debentures will receive payments owing to them under the terms of the Debentures will depend on our financial condition and creditworthiness. In addition, the Debentures are unsecured obligations and are subordinate in right of payment to all of our existing and future Senior Indebtedness (as defined under “Description of the Securities We are Offering – Subordination”). Therefore, if we become bankrupt, liquidate our assets, reorganize or enter into certain other transactions, our assets will be available to pay its obligations with respect to the Debentures only after it has paid all of its senior and secured indebtedness in full. There may be insufficient assets remaining following such payments to pay amounts due on any or all of the Debentures then outstanding. The Indenture does not prohibit or limit our ability to incur additional debt or liabilities (including Senior Indebtedness and secured indebtedness) or to make distributions except in respect of cash distributions where an Event of Default caused by the failure to pay interest when due has occurred and such default has not been cured or waived. The Indenture does not contain any provision specifically intended to protect holders of Debentures in the event of a future leveraged transaction.

We may not be able to purchase Debentures on a Change of Control.

We will be required to offer to purchase all outstanding Debentures upon the occurrence of a Change of Control. However, it is possible that following a Change of Control, we will not have sufficient funds at that time to make the required purchase of outstanding Debentures or that restrictions contained in other indebtedness will restrict those purchases. See “Description of the Securities We are Offering – Subordination”.

The effect of certain transactions on the Debentures could substantially lessen or eliminate the value of the conversion privilege.

In the case of certain transactions that we are involved in that could occur in the future, the Debentures will become convertible into the securities, cash or property receivable by a holder of Shares in the kind and amount of securities, cash or property into which the Debentures were convertible immediately prior to the transaction. This change could substantially lessen or eliminate the value of the conversion privilege associated with the Debentures in the future. For example, if we were acquired in a cash merger, the Debentures would become convertible solely into cash and would no longer be convertible into securities whose value would vary depending on our future prospects and other factors. See “Description of the Securities We are Offering – Change of Control”.

We will have broad discretion as to the use of the net proceeds from this offering, and we may not use the proceeds effectively.

Our management will have broad discretion as to the application of the net proceeds. Our stockholders may not agree with the manner in which our management chooses to allocate and spend the net proceeds. Moreover, our management may use some of the net proceeds for corporate purposes that may not increase our market value or profitability.

Holders of our Debentures will have no rights as common stockholders until they acquire our common stock.

Until Debenture holders acquire shares of our common stock upon conversion of the Debentures, the Debenture holders will have no rights with respect to our common stock. Upon conversion of your Debentures, you will be entitled to exercise the rights of a common stockholder only as to matters for which the record date occurs after the conversion date.
We may undertake subsequent offerings which will lead to dilution.

Our articles of incorporation and by-laws allow us to issue Shares for such consideration and on such terms and conditions as shall be established by the Directors, in many cases, without the approval of our stockholders. Except as described under the heading “Plan of Distribution”, we may issue additional Shares in subsequent offerings (including through the sale of securities convertible into or exchangeable for Shares) and on the exercise of stock options or other securities exercisable for Shares. We cannot predict the size of future issuances of Shares or the effect that future issuances and sales of Shares will have on the market price of the Shares. Issuances of a substantial number of additional Shares, or the perception that such issuances could occur, may adversely affect the prevailing market price for the Shares. With any additional issuance of Shares, investors will suffer dilution to their voting power and the Corporation may experience dilution in its earnings per Share.

We will not be allowed to deduct interest paid by us under the Debentures for purposes of computing our U.S. federal income tax liability.

For U.S. federal income tax purposes, we will not be allowed to deduct interest paid by us under the Debentures because we have the right, at our election, to pay interest due under the Debentures with Shares pursuant to the Share Interest Payment Election.

An investment in the Debentures by a holder whose home currency is not Canadian dollars entails significant risks.

All payments of interest on and the principal of the Debentures and any redemption price for the Debentures will be made in Canadian dollars. An investment in the Debentures by a holder whose home currency is not Canadian dollars entails significant risks. These risks include the possibility of significant changes in rates of exchange between the holder’s home currency and Canadian dollars and the possibility of the imposition or subsequent modification of foreign exchange controls. These risks generally depend on factors over which we have no control, such as economic, financial and political events and the supply of and demand for the relevant currencies. In the past, rates of exchange between Canadian dollars and certain currencies have been highly volatile, and each holder should be aware that volatility may occur in the future. Fluctuations in any particular exchange rate that have occurred in the past, however, are not necessarily indicative of fluctuations in the rate that may occur during the term of the Debentures. Depreciation of Canadian dollars against the holder’s home currency would result in a decrease in the effective yield of the Debentures below its coupon rate and, in certain circumstances, could result in a loss to the holder. If a holder is a U.S. holder, see “Certain U.S. Federal Tax Considerations — U.S. Holders — Foreign Currency Considerations” for the material United States federal income tax consequences of the acquisition, ownership and disposition of the Debentures related to the Debentures being denominated in Canadian dollars.

Risks Related to Our Business

We have a history of losses and our revenues may not be sufficient to sustain our operations.

Even though we ceased being a “development stage” company in April 2006, we are still subject to all of the risks associated with having a limited operating history and pursuing the development of new products. Our cash flows may be insufficient to meet expenses relating to our operations and the development of our business, and may be insufficient to allow us to develop new products. We currently conduct research and development using our proprietary platform technologies to develop oral controlled release and other delivery products. We do not know whether we will be successful in the development of such products. We have an accumulated deficit of approximately $17,737 thousand since our inception in 2003 through December 31, 2016. To date, these losses have been financed principally through sales of equity securities. Our revenues for the past five years ended December 31, 2016, December 31, 2015, December 31, 2014, December 31, 2013 and December 31, 2012 were $5.2 million, $5.1 million, $1.7 million, $948 thousand and $1,198 thousand respectively. Revenue generated to date has not been sufficient to sustain our operations. In order to achieve profitability, our revenue streams will have to increase and there is no assurance that revenues will increase to such a level.

We may incur losses associated with foreign currency fluctuations.

The majority of our expenses are paid in Canadian dollars, while a significant portion of our revenues are in U.S. dollars. Our financial results are subject to the impact of currency exchange rate fluctuations. Adverse movements in exchange rates could have a material adverse effect on our financial condition and results of operations.
We may need additional capital to fulfill our business strategies. We may also incur unforeseen costs. Failure to obtain such capital would adversely affect our business.

We will need to expend significant capital in order to continue with our research and development by hiring additional research staff and acquiring additional equipment. If our cash flows from operations are insufficient to fund our expected capital needs, or our needs are greater than anticipated, we may be required to raise additional funds in the future through private or public sales of equity securities or the incurrence of indebtedness. Additional funding may not be available on favorable terms, or at all. If we borrow additional funds, we likely will be obligated to make periodic interest or other debt service payments and may be subject to additional restrictive covenants. If we fail to obtain sufficient additional capital in the future, we could be forced to curtail our growth strategy by reducing or delaying capital expenditures, selling assets or downsizing or restructuring our operations. If we raise additional funds through public or private sales of equity securities, the sales may be at prices below the market price of our stock and our shareholders may suffer significant dilution.

The loss of the services of key personnel would adversely affect our business.

Our future success depends to a significant degree on the skills, experience and efforts of our executive officers and senior management staff. The loss of the services of existing personnel would be detrimental to our research and development programs and to our overall business.

We are dependent on business partners to conduct clinical trials of, obtain regulatory approvals for, and manufacture, market, and sell our products.

We depend heavily on our pharmaceutical partners to pay for part or all of the research and development expenses associated with developing a new product and to obtain approval from regulatory bodies such as the FDA to commercialize these products. We also depend on our partners to distribute these products after receiving regulatory approval. Our revenues from research and development fees, milestone payments and royalty fees are derived from our partners. Our inability to find pharmaceutical partners who are willing to pay these fees in order to develop new products would negatively impact our business and our cash flows.

We have limited experience in manufacturing, marketing and selling pharmaceutical products. Accordingly, if we cannot maintain our existing partnerships or establish new partnerships with respect to our other products in development, we will have to establish our own capabilities or discontinue the commercialization of the affected product. Developing our own capabilities would be expensive and time consuming and could delay the commercialization of the affected product. There can be no assurance that we would be able to develop these capabilities.

Our existing agreements with pharmaceutical industry partners are generally subject to termination by the counterparty on short notice upon the occurrence of certain circumstances, including, but not limited to, the following: a determination that the product in development is not likely to be successfully developed or not likely to receive regulatory approval; our failure to satisfy our obligations under the agreement, or the occurrence of a bankruptcy event. If any of our partnerships are terminated, we may be required to devote additional resources to the product, seek a new partner on short notice, or abandon the product development efforts. The terms of any additional partnerships or other arrangements that we establish may not be favorable to us.

We are also at risk that these partnerships or other arrangements may not be successful. Factors that may affect the success of our partnerships include the following:

- Our partners may incur financial and cash-flow difficulties that force them to limit or reduce their participation in our joint projects;
- Our partners may be pursuing alternative technologies or developing alternative products that are competitive to our product, either on their own or in partnership with others;
- Our partners may reduce marketing or sales efforts, or discontinue marketing or sales of our products, which may reduce our revenues received on the products;
- Our partners may have difficulty obtaining the raw materials to manufacture our products in a timely and cost effective manner or experience delays in production, which could affect the sales of our products and our royalty revenues earned;
- Our partners may terminate their partnerships with us. This could make it difficult for us to attract new partners, and it could adversely affect how the business and financial communities perceive us;
- Our partners may pursue higher priority programs or change the focus of their development programs, which could affect the partner’s commitment to us. Pharmaceutical and biotechnology companies historically have re-evaluated their priorities from time to time, including following mergers and consolidations, a common occurrence in recent years; and
- Our partners may become the target of litigation for purported patent or intellectual property infringement, which could delay or prohibit commercialization of our products and which would reduce our revenue from such products.
We face competition in our industry, and several of our competitors have substantially greater experience and resources than we do.

We compete with other companies within the drug delivery industry, many of which have more capital, more extensive research and development capabilities and greater human resources than we do. Some of these drug delivery competitors include Monosol Rx, Tesa-Labtec GmbH, BioDelivery Sciences International, Inc. and LTS Lohmann Therapy Systems Corp. Our competitors may develop new or enhanced products or processes that may be more effective, less expensive, safer or more readily available than any products or processes that we develop, or they may develop proprietary positions that prevent us from being able to successfully commercialize new products or processes that we develop. As a result, our products or processes may not compete successfully, and research and development by others may render our products or processes obsolete or uneconomical. Competition may increase as technological advances are made and commercial applications broaden.

We rely upon third-party manufacturers, which puts us at risk for supplier business interruptions.

In certain instances, we may have to enter into agreements with third party manufacturers to manufacture certain of our products once we complete development and after we receive regulatory approval. If our third-party manufacturers fail to perform, our ability to market products and to generate revenue would be adversely affected. Our failure to deliver products in a timely manner could lead to the dissatisfaction of our distribution partners and damage our reputation, causing our distribution partners to cancel existing agreements with us and to stop doing business with us.

Any third-party manufacturers that we depend on to manufacture our products are required to adhere to FDA regulations regarding current Good Manufacturing Practices (cGMP), which include testing, control and documentation requirements. Ongoing compliance with cGMP and other regulatory requirements is monitored by periodic inspection by the FDA and comparable agencies in other countries. Failure by our third-party manufacturers to comply with cGMP and other regulatory requirements could result in actions against them by regulatory agencies and jeopardize our ability to obtain products on a timely basis.

We are in the process of establishing our own manufacturing facility for the future manufacture of VersaFilm™ products, which requires considerable financial investment and, if we are unsuccessful, could have a material adverse effect on our business, financial condition or results of operations.

We currently manufacture products only for clinical and testing purposes in our own facility and we do not manufacture products for commercial use. In order to establish ourselves as a full-service partner for our thin film products, we invested approximately $6.5 million to establish a state-of-the-art manufacturing facility for the commercial manufacture of products developed using our VersaFilm™ drug delivery technology. We anticipate the manufacturing facility to be qualified and ready for regulatory approval in the second half of 2017.

With our current manufacturing equipment, we are only able to manufacture products that do not contain flammable organic solvents. Since several of our film products are solvent-based, we are in the process of acquiring manufacturing equipment that is capable of handling organic solvents, and we are expanding our manufacturing facility in order to create the space required for this new manufacturing equipment.

We have limited expertise in establishing and operating a manufacturing facility and although we have contracted with architects, engineers and construction contractors specialized in the planning and construction of pharmaceutical facilities, there can be no guarantee that the project can be completed within the time or budget allocated. In addition, we may be unable to attract suitably qualified personnel for our manufacturing facility at acceptable terms and conditions of employment.

In addition, before we can begin commercial manufacture of our VersaFilm™ products for sale in the United States, we must obtain FDA regulatory approval for the product, which requires a successful inspection of our manufacturing facilities, processes and quality systems by various health authorities in addition to other product-related approvals. Further, pharmaceutical manufacturing facilities are continuously subject to inspection by the FDA and other health authorities before and after product approval. Due to the complexity of the processes used to manufacture our VersaFilm™ products, we may be unable initially or at any future time to pass federal, state or international regulatory inspections in a cost effective manner. If we are unable to comply with manufacturing regulations, we may be subject to fines, unanticipated compliance expenses, recall or seizure of any approved products, total or partial suspension of production and/or enforcement actions, including injunctions, and criminal or civil prosecution.

The manufacture of our products is heavily regulated by governmental health authorities, including the FDA. We must ensure that all manufacturing processes comply with current Good Manufacturing Practices (“cGMP”) and other applicable regulations. If we fail to comply fully with these requirements and the health authorities’ expectations, then we could be required to shut down our production facilities or production lines, or could be prevented from importing our products from one country to another. This could lead to product shortages, or to our being entirely unable to supply products to patients for an extended period of time. Such shortages or shut downs could lead to significant losses of sales revenue and to potential third-party litigation. In addition, health authorities have in some cases imposed significant penalties for such failures to comply with cGMP. A failure to comply fully with cGMP could also lead to a delay in the approval of new products to be manufactured at our manufacturing facility.
Any disruption in the supply of our future products could have a material adverse effect on our business, financial condition or results of operations.

We have no timely ability to replace our future VersaFilm™ manufacturing capabilities.

If our manufacturing facility suffers any type of prolonged interruption, whether caused by regulator action, equipment failure, critical facility services, fire, natural disaster or any other event that causes the cessation of manufacturing activities, we would be exposed to long-term loss of sales and profits. There are no facilities capable of contract manufacturing our VersaFilm™ products at short notice. If we suffer an interruption to our manufacturing of VersaFilm™ products, we may have to find a contract manufacturer capable of supplying our needs, although this would require completing a Manufacturing Site Change process, which takes considerable time and is costly. Replacement of our manufacturing capabilities will have a material adverse effect on our business and financial condition or results of operations.

We depend on a limited number of suppliers for API. Generally, only a single source of API is qualified for use in each product due to the costs and time required to validate a second source of supply. Changes in API suppliers must usually be approved through a Prior Approval Supplement by the FDA.

Our ability to manufacture products is dependent, in part, upon ingredients and components supplied by others, including international suppliers. Any disruption in the supply of these ingredients or components or any problems in their quality could materially affect our ability to manufacture our products and could result in legal liabilities that could materially affect our ability to realize profits or otherwise harm our business, financial, and operating results. As the API typically comprises the majority of a product's manufactured cost, and qualifying an alternative is costly and time-consuming, API suppliers must be selected carefully based on quality, reliability of supply and long-term financial stability.

We are subject to extensive government regulation including the requirement of approval before our products may be marketed. Even if we obtain marketing approval, our products will be subject to ongoing regulatory review.

We, our partners, our products, and our product candidates are subject to extensive regulation by governmental authorities in the United States and other countries. Failure to comply with applicable requirements could result in warning letters, fines and other civil penalties, delays in approving or refusal to approve a product candidate, product recall or seizure, withdrawal of product approvals, interruption of manufacturing or clinical trials, operating restrictions, injunctions, and criminal prosecution.

Our products cannot be marketed in the United States without FDA approval. Obtaining FDA approval requires substantial time, effort, and financial resources, and there can be no assurance that any approval will be granted on a timely basis, if at all. With most of our products, we rely on our partners for the preparation of applications and for obtaining regulatory approvals. If the FDA does not approve our product candidates in a timely fashion, or does not approve them at all, our business and financial condition may be adversely affected. Further, the terms of approval of any marketing application, including the labeling content, may be more restrictive than we desire and could affect the marketability of our or our partner’s products. Subsequent discovery of problems with an approved product may result in restrictions on the product or its withdrawal from the market. In addition, both before and after regulatory approval, we, our partners, our products, and our product candidates are subject to numerous FDA requirements regarding testing, manufacturing, quality control, cGMP, adverse event reporting, labeling, advertising, promotion, distribution, and export. Our partners and we are subject to surveillance and periodic inspections to ascertain compliance with these regulations. Further, the relevant law and regulations may change in ways that could affect us, our partners, our products, and our product candidates. Failure to comply with regulatory requirements could have a material adverse impact on our business.

Regulations regarding the manufacture and sale of our future products are subject to change. We cannot predict what impact, if any, such changes may have on our business, financial condition or results of operations. Failure to comply with applicable regulatory requirements could have a material adverse effect on our business, financial condition and results of operations.

Additionally, the time required for obtaining regulatory approval is uncertain. We may encounter delays or product rejections based upon changes in FDA policies, including cGMP, during periods of product development. We may encounter similar delays in countries outside of the United States. We may not be able to obtain these regulatory acceptances on a timely basis, or at all.

The failure to obtain timely regulatory acceptance of our products, any product marketing limitations, or any product withdrawals would have a material adverse effect on our business, financial condition and results of operations. In addition, before it grants approvals, the FDA or any foreign regulatory authority may impose numerous other requirements with which we must comply. Regulatory acceptance, if granted, may include significant limitations on the indicated uses for which the product may be marketed. FDA enforcement policy strictly prohibits the marketing of accepted products for unapproved uses. Product acceptance could be withdrawn or civil and/or criminal sanctions could be imposed for our failure to comply with regulatory standards or the occurrence of unforeseen problems following initial marketing.
We may not be able to expand or enhance our existing product lines with new products limiting our ability to grow.

If we are not successful in the development and introduction of new products, our ability to grow will be impeded. We may not be able to identify products to enhance or expand our product lines. Even if we can identify potential products, our investment in research and development might be significant before we can bring the products to market. Moreover, even if we identify a potential product and expend significant dollars on development, we may never be able to bring the product to market or achieve market acceptance for such product. As a result, we may never recover our expenses.

The market may not be receptive to products incorporating our drug delivery technologies.

The commercial success of any of our products that are approved for marketing by the FDA and other regulatory authorities will depend upon their acceptance by the medical community and third party payers as clinically useful, cost-effective and safe. To date, only two products based upon our technologies have been marketed in the United States, which limits our ability to provide guidance or assurance as to market acceptance.

Factors that we believe could materially affect market acceptance of these products include:

- The timing of the receipt of marketing approvals and the countries in which such approvals are obtained;
- The safety and efficacy of the product as compared to competitive products;
- The relative convenience and ease of administration as compared to competitive products;
- The strength of marketing distribution support; and
- The cost-effectiveness of the product and the ability to receive third party reimbursement.

We are subject to environmental regulations, and any failure to comply may result in substantial fines and sanctions.

Our operations are subject to Canadian and international environmental laws and regulations governing, among other things, emissions to air, discharges to waters and the generation, handling, storage, transportation, treatment and disposal of raw materials, waste and other materials. Many of these laws and regulations provide for substantial fines and criminal sanctions for violations. We believe that we are and have been operating our business and facility in a manner that complies in all material respects with environmental, health and safety laws and regulations; however, we may incur material costs or liabilities if we fail to operate in full compliance. We do not maintain environmental damage insurance coverage with respect to the products which we manufacture.

The decision to establish commercial film manufacturing capability may require us to make significant expenditures in the future to comply with evolving environmental, health and safety requirements, including new requirements that may be adopted or imposed in the future. To meet changing licensing and regulatory standards, we may have to make significant additional site or operational modifications that could involve substantial expenditures or reduction or suspension of some of our operations. We cannot be certain that we have identified all environmental and health and safety matters affecting our activities and in the future our environmental, health and safety problems, and the costs to remediate them, may be materially greater than we expect.

Risks Related to Our Intellectual Property

If we are not able to adequately protect our intellectual property, we may not be able to compete effectively.

Our success depends, to a significant degree, upon the protection of our proprietary technologies. While we currently own 8 patents and have an additional 18 pending patent applications in several jurisdictions, we will need to pursue additional protection for our intellectual property as we develop new products and enhance existing products. We may not be able to obtain appropriate protection for our intellectual property in a timely manner, or at all. Our inability to obtain appropriate protections for our intellectual property may allow competitors to enter our markets and produce or sell the same or similar products.
If we are forced to resort to legal proceedings to enforce our intellectual property rights, the proceedings could be burdensome and expensive. In addition, our proprietary rights could be at risk if we are unsuccessful in, or cannot afford to pursue, those proceedings.

We also rely on trade secrets and contract law to protect some of our proprietary technology. We have entered into confidentiality and invention agreements with our employees and consultants. Nevertheless, these agreements may not be honored and they may not effectively protect our right to our un-patented trade secrets and know-how. Moreover, others may independently develop substantially equivalent proprietary information and techniques or otherwise gain access to our trade secrets and know-how.

We may need to obtain licenses to patents or other proprietary rights from third parties. We may not be able to obtain the licenses required under any patents or proprietary rights or they may not be available on acceptable terms. If we do not obtain required licenses, we may encounter delays in product development or find that the development, manufacture or sale of products requiring licenses could be foreclosed. We may, from time to time, support and collaborate in research conducted by universities and governmental research organizations. We may not be able to acquire exclusive rights to the inventions or technical information derived from these collaborations, and disputes may arise over rights in derivative or related research programs conducted by us or our partners.

If we infringe on the rights of third parties, we may not be able to sell our products, and we may have to defend against litigation and pay damages.

If a competitor were to assert that our products infringe on its patent or other intellectual property rights, we could incur substantial litigation costs and be forced to pay substantial damages. Such litigation costs could be as a result of direct litigation against us, or as a result of litigation against one or more of our partners to whom we have contractually agreed to indemnify in the event that our intellectual property is the cause of a successful litigious action against our partner. Third-party infringement claims, regardless of their outcome, would not only consume significant financial resources, but would also divert our management’s time and attention. Such claims could also cause our customers or potential customers to purchase competitors’ products or defer or limit their purchase or use of our affected products until resolution of the claim. If any of our products are found to violate third-party intellectual property rights, we may have to re-engineer one or more of our products, or we may have to obtain licenses from third parties to continue offering our products without substantial re-engineering. Our efforts to re-engineer or obtain licenses could require significant expenditures and may not be successful.

Our controlled release products that are generic versions of branded controlled release products that are covered by one or more patents may be subject to litigation, which could delay FDA approval and commercial launch of our products.

We expect to file or have our partners file NDAs or ANDAs for our controlled release products under development that are covered by one or more patents of the branded product. It is likely that the owners of the patents covering the brand name product or the sponsors of the NDA with respect to the branded product will sue or undertake regulatory initiatives to preserve marketing exclusivity. Any significant delay in obtaining FDA approval to market our products as a result of litigation, as well as the expense of such litigation, whether or not we or our partners are successful, could have a materially adverse effect on our business, financial condition and results of operations.

Risks Related to Our Securities:

The price of our common stock could be subject to significant fluctuations.

Any of the following factors could affect the market price of our common stock:

- Our failure to achieve and maintain profitability;
- Changes in earnings estimates and recommendations by financial analysts;
- Actual or anticipated variations in our quarterly results of operations;
- Changes in market valuations of similar companies;
- Announcements by us or our competitors of significant contracts, new products, acquisitions, commercial relationships, joint ventures or capital commitments;
- The loss of major customers or product or component suppliers;
- The loss of significant partnering relationships; and
- General market, political and economic conditions.
We have a significant number of convertible securities outstanding that could be exercised in the future. Subsequent resale of these and other shares could cause our stock price to decline. This could also make it more difficult to raise funds at acceptable levels pursuant to future securities offerings.

**Our common stock is a high risk investment.**

Our common stock was quoted on the OTC Bulletin Board under the symbol “IGXT” from January 2007 until June 2012 and, subsequent to our upgrade in June 2012, has been quoted on the OTCQB. Our common stock has also been listed on the TSXV under the symbol “IGX” since May 2008.

There is a limited trading market for our common stock, which may affect the ability of shareholders to sell our common stock and the prices at which they may be able to sell our common stock.

The market price of our common stock has been volatile and fluctuates widely in response to various factors which are beyond our control. The price of our common stock is not necessarily indicative of our operating performance or long term business prospects. In addition, the securities markets have from time to time experienced significant price and volume fluctuations that are unrelated to the operating performance of particular companies. These market fluctuations may also materially and adversely affect the market price of our common stock.

In the United States, our common stock is considered a “penny stock”. The SEC has adopted regulations which generally define a “penny stock” to be an equity security that has a market price of less than $5.00 per share or an exercise price of less than $5.00 per share, subject to specific exemptions. This designation requires any broker or dealer selling these securities to disclose certain information concerning the transaction, obtain a written agreement from the purchaser and determine that the purchaser is reasonably suitable to purchase the securities. These rules may restrict the ability of brokers or dealers to sell our common stock and may affect the ability of investors to sell their shares.

As a result of the foregoing, our common stock should be considered a high risk investment.

**The application of the “penny stock” rules to our common stock could limit the trading and liquidity of our common stock, adversely affect the market price of our common stock and increase stockholder transaction costs to sell those shares.**

As long as the trading price of our common stock is below $5.00 per share, the open market trading of our common stock will be subject to the “penny stock” rules, unless we otherwise qualify for an exemption from the “penny stock” definition. The “penny stock” rules impose additional sales practice requirements on certain broker-dealers who sell securities to persons other than established customers and accredited investors (generally those with assets in excess of $1,000,000 or annual income exceeding $200,000 or $300,000 together with their spouse). These regulations, if they apply, require the delivery, prior to any transaction involving a penny stock, of a disclosure schedule explaining the penny stock market and the associated risks. Under these regulations, certain brokers who recommend such securities to persons other than established customers or certain accredited investors must make a special written suitability determination regarding such a purchaser and receive such purchaser’s written agreement to a transaction prior to sale. These regulations may have the effect of limiting the trading activity of our common stock, reducing the liquidity of an investment in our common stock and increasing the transaction costs for sales and purchases of our common stock as compared to other securities.

**We became public by means of a reverse merger, and as a result we are subject to the risks associated with the prior activities of the public company with which we merged.**

Additional risks may exist because we became public through a “reverse merger” with a shell corporation. Although the shell did not have any operations or assets and we performed a due diligence review of the public company, there can be no assurance that we will not be exposed to undisclosed liabilities resulting from the prior operations of our company.

**Our limited cash resources restrict our ability to pay cash dividends.**

Since our inception, we have not paid any cash dividends on our common stock. We currently intend to retain future earnings, if any, to support operations and to finance the growth and development of our business. Therefore, we do not expect to pay cash dividends in the foreseeable future. Any future determination relating to our dividend policy will be made at the discretion of our Board of Directors and will depend on a number of factors, including future earnings, capital requirements, financial conditions and future prospect and other factors that the Board of Directors may deem relevant. If we do not pay any dividends on our common stock, our shareholders will be able to profit from an investment only if the price of the stock appreciates before the shareholder sells it. Investors seeking cash dividends should not purchase our common stock.
If we are the subject of securities analyst reports or if any securities analyst downgrades our common stock or our sector, the price of our common stock could be negatively affected.

Securities analysts may publish reports about us or our industry containing information about us that may affect the trading price of our common stock. In addition, if a securities or industry analyst downgrades the outlook for our stock or one of our competitors’ stocks, the trading price of our common stock may also be negatively affected.

USE OF PROCEEDS

We estimate that the net proceeds from the Minimum Offering (after deducting the Agency fee of CA$300,000 and before deducting the estimated expenses of this Offering of CA$450,000) will be approximately CA$4,700,000. We estimate that the net proceeds from the Maximum Offering (after deducting the Agency fee of CA$600,000 and before deducting the estimated expenses of this Offering of CA$450,000) will be approximately CA$9,400,000.

We intend to use the net proceeds from the Offering as follows:

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<tr>
<th>Use of net proceeds</th>
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<tr>
<td>Capital expansion</td>
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<td>Clinical Studies</td>
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<td>Product development</td>
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<td>TOTAL</td>
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(1) Our monthly general working capital requirements are expected to be of $400,000 during the next 24 months.

The funds allocated to capital expenses will be allocated to the second phase of the expansion of the manufacturing capability of the Corporation and to clinical studies will contribute to the cost for the phase II proof of concept study using montelukast in a repurposing opportunity for treatment of cognitive diseases. In addition it will support smaller phase I clinical studies for other projects in development such as Apomorphine and Loxapine. It is anticipated that the phase II proof of concept study will be commenced within the next 12 months.

Product development includes but is not limited to development of new and innovative formulations, analytical method development and testing of the different prototypes for content and stability and manufacturing process development at small and larger scale. It is anticipated that these development efforts will be conducted over the next 12 to 18 months.

DILUTION

If you convert your Debentures into shares of our common stock, your interest will be diluted to the extent of the difference between the conversion price per share at which you convert your Debentures in this Offering and the net tangible book value per share of our common stock immediately after such conversion. Our net tangible book value of our common stock at December 31, 2016 was approximately 4,945,000, or approximately $0.08 per share of common stock based upon 64,812,020 shares outstanding at December 31, 2016. Our historical net tangible book value per share is calculated by subtracting our total liabilities, goodwill and intangible assets from our total assets and dividing this amount by the number of shares of our common stock outstanding on December 31, 2016.
After giving effect to the minimum offering of the Debentures and the issuance of 3,703,704 shares of our common stock upon conversion of the Debentures at the initial conversion price of $1.01 per share, our net tangible book value at December 31, 2016 would have been $8,701,574, or $0.13 per share of common stock. This represents an immediate increase in net tangible book value of $0.05 per share to our existing stockholders and an immediate dilution in net tangible book value of $0.88 per share to new investors in this offering.

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<th>Description</th>
<th>Amount</th>
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<tr>
<td>Initial Conversion Price</td>
<td>$1.01</td>
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<tr>
<td>Net tangible book value per share as of December 31, 2016</td>
<td>$0.08</td>
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<tr>
<td>Increase in net tangible book value per share attributable to new investors</td>
<td>0.05</td>
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<tr>
<td>As adjusted net tangible book value per share after giving effect to this offering and the conversion of the Debentures</td>
<td>0.13</td>
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<tr>
<td>Dilution per share to new investors</td>
<td>$0.88</td>
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After giving effect to the maximum offering of the Debentures and the issuance of 7,407,407 shares of our common stock upon conversion of the Debentures at the initial conversion price of $1.01 per share, our net tangible book value at December 31, 2016 would have been $12,458,148, or $0.17 per share of common stock. This represents an immediate increase in net tangible book value of $0.05 per share to our existing stockholders and an immediate dilution in net tangible book value of $0.84 per share to new investors in this offering.

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<tr>
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<tr>
<td>Increase in net tangible book value per share attributable to new investors</td>
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<tr>
<td>As adjusted net tangible book value per share after giving effect to this offering and the conversion of the Debentures</td>
<td>0.17</td>
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<tr>
<td>Dilution per share to new investors</td>
<td>$0.84</td>
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The number of shares of common stock shown above to be outstanding after this Offering is based on 64,812,020 shares outstanding as of December 31, 2016 and excludes as of such date:

- 2,710,000 shares of common stock issuable upon exercise of outstanding stock options, at a weighted average exercise price of $0.63 per share;
- 6,174,358 additional shares of common stock reserved for issuance under a warrant agreement at an exercise price of $0.5646 per share; and
- 2,238,954 additional shares of common stock reserved for future issuance under our amended and restated 2016 option plans.

To the extent that outstanding stock options and warrants are exercised, there will be further dilution to new investors. In addition, you may experience further dilution upon our election to repay the Debentures in shares of common stock. See “Description of Notes.” We may also choose to raise additional capital due to market conditions or strategic considerations even if we believe we have sufficient funds for our current or future operating plans. To the extent that additional capital is raised through the sale of equity or convertible debt securities, the issuance of these securities could result in further dilution to our stockholders.

**DESCRIPTION OF BUSINESS**

**Overview**

We are a drug delivery company established in 2003 and headquartered in Montreal, Quebec, Canada. Our focus is on the development of novel oral immediate-release and controlled-release products for the pharmaceutical market. More recently, we have made the strategic decision to enter the oral film market and are in the process of implementing commercial oral film manufacturing capability. This enables us to offer our partners a comprehensive portfolio of pharmaceutical services, including pharmaceutical R&D, clinical monitoring, regulatory support, tech transfer and manufacturing scale-up, and commercial manufacturing.

Our business strategy is to develop pharmaceutical products based on our proprietary drug delivery technologies and, once the viability of a product has been demonstrated, to license the commercial rights to partners in the pharmaceutical industry. In certain cases, we rely upon partners in the pharmaceutical industry to fund development of the licensed products, complete the regulatory approval process with the U.S. Food and Drug Administration (“FDA”) or other regulatory agencies relating to the licensed products, and assume responsibility for marketing and distributing such products.

In addition, we may choose to pursue the development of certain products until the project reaches the marketing and distribution stage. We will assess the potential for successful development of a product and associated costs, and then determine at which stage it is most prudent to seek a partner, balancing such costs against the potential for additional returns earned by partnering later in the development process.

Managing our project pipeline is a key success factor for the Corporation. We have undertaken a strategy under which we will work with pharmaceutical companies in order to apply our oral film technology to pharmaceutical products for which patent protection is nearing expiration, a strategy which is often referred to as “lifecycle management”. Under §505(b)(2) of the Food, Drug, and Cosmetics Act, the FDA may grant market exclusivity for a term of up to three years of exclusivity following approval of a listed drug that contains previously approved active ingredients but is approved in a new dosage, dosage form, route of administration or combination.
The 505(b)(2) pathway is also the regulatory approach to be followed if an applicant intends to file an application for a product containing a drug that is already approved by the FDA for a certain indication and for which the applicant is seeking approval for a new indication or for a new use, the approval of which is required to be supported by new clinical trials, other than bioavailability studies. We have implemented a strategy under which we actively look for such so-called “repurposing opportunities” and determine whether our proprietary VersaFilm™ technology adds value to the product. We currently have two such drug repurposing projects in our development pipeline.

We continue to develop the existing products in our pipeline and may also perform research and development on other potential products as opportunities arise.

We have established a state-of-the-art manufacturing facility with the intent to manufacture all our VersaFilm™ products in-house as we believe that this:

1) represents a profitable business opportunity,
2) will reduce our dependency upon third-party contract manufacturers, thereby protecting our manufacturing process know-how and intellectual property, and
3) allows us to offer our clients and development partners a full service from product conception through to supply of the finished product.

**Technology Platforms**

Our product development efforts are based upon three delivery platform technologies: (1) VersaFilm™, an Oral Film technology, (2) VersaTab™, a Multilayer Tablet technology, and (3) AdVersa®, a Mucoadhesive Tablet technology.

VersaFilm™ is a drug delivery platform technology that enables the development of oral thin films, improving product performance:

- Rapid disintegration without the need for water;
- Quicker buccal or sublingual absorption;
- Potential for faster onset of action and increased bioavailability;
- Potential for reduced adverse effects by bypassing first-pass metabolism;
- Easy administration for patients who have problems in swallowing: pediatric, geriatric, fear choking and/or suffering from nausea (e.g., nausea resulting from chemotherapy, radiotherapy or any surgical treatment);
- Pleasant taste;
- Small and thin size, making it convenient for consumers.

Our VersaFilm™ technology consists of a thin (25-35 micron) polymeric film comprised of United States Pharmacopeia (USP) components that are approved by the FDA for use in food, pharmaceutical, and cosmetic products. Derived from the edible film technology used for breath strips and initially developed for the instant delivery of savory flavors to food substrates, the VersaFilm™ technology is designed to provide a rapid response compared to existing conventional tablets. Our VersaFilm™ technology is intended for indications requiring rapid onset of action, such as migraine, opioid dependence, chronic pain, motion sickness, erectile dysfunction, and nausea.

Our VersaTab™ platform technology allows for the development of oral controlled-release products. It is designed to be versatile and to reduce manufacturing costs as compared to competing oral extended-release delivery technologies. Our VersaFilm™ technology allows for the instant delivery of pharmaceuticals to the oral cavity, while our AdVersa® allows for the controlled release of active substances to the oral mucosa.

Our VersaTab™ technology represents a new generation of controlled release layered tablets designed to modulate the release of active compounds. The technology is based on a multilayer tablet with an active core layer and erodible cover layers. The release of the active drug from the core matrix initially occurs in a first-order fashion. As the cover layers start to erode, their permeability for the active ingredient through the cover layers increases. Thus, the Multilayer Tablet can produce quasi-linear (zero-order) kinetics for releasing a chemical compound over a desired period of time. The erosion rate of the cover layers can be customized according to the physico-chemical properties of the active drug. In addition, our multilayer technology offers the opportunity to develop combination products in a regulatory-compliant format. Combination products are made up of two or more active ingredients that are combined into a single dosage form.

Our Mucoadhesive Tablet is a drug delivery system capable of adhering to the oral mucosa and releasing the drug onto the site of application at a controlled rate. The Mucoadhesive Tablet is designed to provide the following advantages relative to competing technologies: (i) it avoids the first pass effect, whereby the liver metabolizes the active ingredient and greatly reduces the level of drug reaching the systemic circulation, (ii) it leads to a higher absorption rate in the oral cavity as compared to the conventional oral route, and (iii) it achieves a rapid onset of action for the drug. Our AdVersa® technology is designed to be versatile in order to permit the site of application, residence time, and rate of release of the drug to be modulated to achieve the desired results.
Our product portfolio includes a blend of generic and branded products based on our proprietary delivery technology (“generic” products are essentially copies of products that have already received FDA approval). Of the fourteen projects currently in our product portfolio, three utilize our VersaTab™ technology, ten utilize our VersaFilm™ technology, and one utilizes our AdVersa® technology.

INT0001/2004: This is the most advanced generic product involving our multilayer tablet technology. Equivalency with the reference product Toprol XL® and its European equivalent Beloc-ZOK® has been demonstrated in-vitro. The product has been tested in phase I studies. In November 2016 we entered into a License and Development Agreement with Chemo Group to advance the commercialization of our Versa Tab™ product. The manufacturing technology transfer to Chemo is currently ongoing.

INT0004/2006: We developed a new, higher strength of the antidepressant Bupropion HCl, the active ingredient in Wellbutrin XL®, and, in November 2011, the FDA approved the drug for patients with Major Depressive Disorder. In February 2012, we entered into an agreement with Edgemont Pharmaceuticals LLC (“Edgemont”) for commercialization of the product in the United States. Under the terms of the agreement, Edgemont obtained certain exclusive rights to market and sell the product in the U.S. In exchange we received a $1.0 million upfront payment, received launch related milestones totaling up to $4.0 million, and are eligible for additional milestones of up to a further $23.5 million upon achieving certain sales and exclusivity targets. We also receive tiered double-digit royalties on the net sales of the product. The agreement has no expiry date but may be terminated in the event of, without limitation (i) failure by either us or Edgemont to perform our respective obligations under the agreement; (ii) if either party files a petition for bankruptcy or insolvency or otherwise winds up, liquidates or dissolves its business, or (iii) otherwise by mutual consent of the parties. The agreement also contains customary confidentiality, indemnification and intellectual property protection provisions.

The product was launched in the U.S. in October 2012 under the brand name Forfivo XL®. As of December 31, 2015 we had received an upfront payment of $1 million and a $1 million milestone payment related to the launch. The commercialization of Forfivo XL® triggered a launch-related milestone payment of $3 million from IntelGenx’ licensing partner Edgemont due to Edgemont reaching in July 2015, $7 million of cumulative net trade sales of Forfivo XL® over the preceding 12 months. From that $3 million milestone payment, $1 million was received in Q3 2015. Of the remaining balance of $2 million, $1 million was received in Q4 2015 and $1 million was received in Q1 2016. We commenced receiving royalty payments in the first quarter of 2013. We recorded $433 thousand for the cost of royalty and license revenue in the twelve-month period ended December 31, 2015 compared with $61 in the same period of 2014.

In August 2013, we announced receipt of a Paragraph IV Certification Letter from Wockhardt Bio AG, advising of the submission of an Abbreviated New Drug Application (“ANDA”) to the FDA requesting authorization to manufacture and market generic versions of Forfivo XL® 450 mg tablets in the U.S. In November 2014 we announced that the Paragraph IV litigation with Wockhardt had been settled and that, under the terms of the settlement, Wockhardt has been granted the right, with effect from January 15, 2018, to be the exclusive marketer and distributor of an authorized generic of Forfivo XL® in the U.S.

In December 2014 we announced that Edgemont had exercised its right to extend the license for the exclusive marketing of Forfivo XL® 450 mg tablets. In exchange, we received milestone payments of $650 thousand in December 2014 and $600 thousand in February 2015. All other financial obligations contained in the license agreement entered into by Edgemont and IntelGenx in February 2012, specifically launch-related and sales milestones, together with the contractual royalty rates on net sales of the product, remained in effect.

On August 5th, 2016, we announced that we had sold our U.S. royalty on future sales of Forfivo XL® to SWK Holdings Corporation (SWK) for $6 million (CA$8 million). Forfivo XL® (Bupropion extended-release) is the first 450 mg bupropion HCl tablet indicated for Major Depressive Disorder, approved by the FDA. As per terms of the agreement, we received $6 million from SKW at closing. In return for, (i) 100% of any and all royalties (as defined in the Edgemont Pharmaceuticals, LLC License Agreement) or similar royalty amounts received on or after April 1, 2016, (ii) 100% of the $2 million milestone payment upon Edgemont reaching annual net sales of $15 million, and (iii) 35% of all potential future milestone payments. Patent protection for Forfivo XL® in the United States expires in 2027 with an authorized generic entering the market in January 2018.
SWK is a specialized finance company with a focus on the global healthcare sector. SWK partners with ethical product marketers and royalty holders to provide flexible financing solutions at an attractive cost of capital to create long-term value for both SWK’s business partners and its investors.

INT0007/2006: We are developing an oral film product based on our VersaFilm™ technology containing the active ingredient Tadalafil. The product is intended for the treatment of erectile dysfunction (ED). The results of a phase I pilot study that was conducted in the second quarter of 2015 confirmed that the product is bioequivalent with the brand product, Cialis®. We are currently manufacturing submission batches that are intended to support a 505(b)(2) NDA filing with the FDA with a target submission date of about mid-2017 and a PDUFA date expected to be approximately mid-2018.

On November 21, 2016, we announced the signing of a binding term sheet for a license to Eli Lilly and Company’s tadalafil dosing patent, United States Patent No. 6,943,166 (the ‘166 dosing patent). Any exclusivity associated with the tadalafil compound patent is not affected by this agreement.

Eli Lilly subsequently granted us exclusivity for Tadalafil ED film product. Subject to FDA approval, this license allows us to commercialize a Tadalafil ED VersaFilm™ product in the U.S. prior to the expiration of the '166 dosing patent. This license terminates all our current tadalafil-related litigation activities.

We are currently actively seeking a partner for the commercialization of our Tadalafil ED VersaFilm™ product.

INT0008/2007: We developed this oral film product based on our VersaFilm™ technology. In March 2013 we submitted a 505(b)(2) new drug application (“NDA”) to the FDA for our novel oral thin-film formulation of Rizatriptan, the active drug in Maxalt-MLT® orally disintegrating tablets. Maxalt-MLT® is a leading branded anti-migraine product marketed by Merck & Co. The thin-film formulation of Rizatriptan was developed in accordance with a co-development and commercialization agreement with RedHill Biopharma Ltd. (“RedHill”). The product uses our proprietary immediate release VersaFilm™ oral drug delivery technology. In December 2011, we received approval by Health Canada to conduct a pivotal bioequivalence study to determine if our product is safe and bioequivalent with the FDA approved reference product, Maxalt-MLT®. The trial was conducted in the second quarter of 2012 and was a randomized, two-period, two-way crossover study in healthy male and female subjects. The study results indicate that the product is safe, and that the 90% confidence intervals of the three relevant parameters Cmax, AUC(0-t) and AUC(0-infinity) are well within the 80 – 125 acceptance range for bioequivalence.

In June 2013 the FDA assigned a Prescription Drug User Fee Act (“PDUFA”) action date of February 3, 2014 for the review of the NDA for marketing approval and in February 2014 we received a Complete Response Letter (“CRL”) from the FDA informing us that certain questions and deficiencies remain that preclude the approval of the application in its present form. The questions raised by the FDA in the CRL regarding the NDA for our anti-migraine VersaFilm™ product primarily relate to third party Chemistry, Manufacturing and Controls ("CMC") and to the packaging and labeling of the product. No questions or deficiencies were raised relating to the product's safety and the FDA's CRL does not require additional clinical studies.

In March 2014 we submitted our response to the FDA's CRL and in April, 2014 the FDA requested additional CMC data. We also reported that the supplier of the active pharmaceutical ingredient (“API”) of the product has been issued with an "Import Alert" by the FDA. The Import Alert bans the import into the USA of all raw materials from the supplier's manufacturing facility, which therefore prohibits the import of any products using these raw materials, and effectively prevents our VersaFilm™ product from being approved by the FDA. We have identified a new source of API which is currently used to manufacture new submission lots to support the re-submission of the NDA filing in mid 2017 with PDUFA date expected by early 2018.

In October 2014 we announced the submission of a Marketing Authorization Application (“MAA”) to the German Federal Institute for Drugs and Medical Devices (“BfArM”) seeking European marketing approval of our oral thin film formulation of Rizatriptan for acute migraines, under the brand name RIZAPORT®. The brand name RIZAPORT® was also conditionally approved by the FDA as part of the NDA review process in the U.S. The MAA was submitted under the European Decentralized Procedure (DCP) with Germany as the reference member state. The submission is supported by several studies, including a comparative bioavailability study which successfully established the bioequivalence between RIZAPORT® and the European reference drug. BfArM validated the MAA and initiated the formal review process of the application on November 25, 2014. BfArM granted national marketing approval on November 9, 2015 for RIZAPORT® under the DCP.

On September 10, 2015 we announced the positive outcome of the DCP confirming that RIZAPORT™ is approvable in Europe. The announcement followed the issuance of the Final Assessment Report from the Reference Member State (RMS), the Federal Institute for Drugs and Medical Devices of Germany (BfArM), and the agreement of all the Concerned Member States (CMS) in DCP that RIZAPORT® is approvable. With the decision, the regulatory process entered its final phase known as the national licensing phase during which the National Agencies in the individual countries will issue the marketing licenses that allow RIZAPORT® to be marketed in each country.
On November 9, 2015 we announced that the Federal Institute for Drugs and Medical Devices of Germany (BfArM) has granted marketing authorization of RIZAPORT® 5mg and 10mg, an oral thin film formulation of rizatriptan benzoate for the treatment of acute migraines. The national approval of RIZAPORT® in Germany was granted under the European Decentralized Procedure (DCP), in which Germany served as the Reference Member State. This authorization was the first national marketing approval of RIZAPORT®. Marketing authorization in Luxembourg, the Concerned Member State, is expected to follow. IntelGenx and RedHill intend to continue to work together to obtain national phase approvals in other European DCP territories.

On February 18, 2016, we announced that the USPTO had granted a patent protecting Rizaport®, an oral thin film formulation of rizatriptan benzoate for the treatment of acute migraines. This patent protects the composition of Rizaport® and will be listed in the Orange Book upon approval of the product by the FDA. The patent application, entitled "Instantly Wettatable Oral Film Dosage Form Without Surfactant or Polyalcohol" covers rapidly disintegrating film oral dosage forms and is valid until 2034.

On July 5, 2016, we announced the signing of the definitive agreement with Grupo Juste S.A.Q.F. (now Exeltis Healthcare, S.L. (“Exeltis”)) for the commercialization of RIZAPORT®, our proprietary oral thin film for the treatment of acute migraines, in the country of Spain. All commercial manufacturing of RIZAPORT® will take place at our new state-of-the-art manufacturing facility in Canada. Grupo Juste (Exeltis) is a prominent private Spanish company with over 90 years of experience in the research, development and commercialization of proprietary pharmaceutical products, including migraine and other central nervous system drugs, in Europe, Latin America and other territories.

According to the definitive agreement, Grupo Juste (Exeltis) has obtained exclusive rights to register, promote and distribute RIZAPORT® in Spain. In exchange, we and Redhill Biopharma will receive upfront and milestone payments, together with a share of the net sales of RIZAPORT®. Commercial launch in Spain is estimated to take place in the second half of 2017. The initial term of the definitive agreement shall be for ten years from the date of first commercial sale of the product and shall automatically renew for any additional two-year term.

Through our partner Grupo Juste (Exeltis), the product was submitted in Spain in September 2016 for approval using a decentralized procedure. Approval in Spain is currently expected for Q4 2017.

On December 14, 2016, we, together with our partner RedHill, announced the signing of an exclusive license agreement with Pharmatronic Co. for the commercialization of RIZAPORT® in the Republic of Korea (South Korea). Under the terms of the agreement, RedHill granted Pharmatronic Co. the exclusive rights to register and commercialize RIZAPORT® in South Korea. IntelGenx and RedHill have received an upfront payment and will be eligible to receive additional milestone payments upon achievement of certain predefined regulatory and commercial targets, as well as tiered royalties. The initial term of the definitive agreement with Pharmatronic Co. is for ten years from the date of first commercial sale and shall automatically renew for an additional two-year term. Commercial launch in South Korea is estimated to take place in the first quarter of 2019.

In April 2017 we announced the national marketing approval in Luxembourg completes the current approval process of RIZAPORT® under the European Decentralized Procedure (“DCP”).

INT0010/2006: We initially entered into an agreement with Cynapsus Therapeutics Inc. (formerly Cannasat Therapeutics Inc., “Cynapsus”) for the development of a buccal muco-adhesive tablet product containing a cannabinoid-based drug for the treatment of neuropathic pain and nausea in cancer patients undergoing chemotherapy. In 2009, we completed a clinical bio-study on the muco-adhesive tablet we developed which is based on our proprietary AdVersa™ technology. The study results indicated improved bioavailability and reduced first-pass metabolism of the drug. In the fourth quarter of 2010, we acquired from Cynapsus full control of, and interest in, this project going forward. We also obtained worldwide rights to U.S. Patent 7,592,328 and all corresponding foreign patents and patent applications to exclusively develop and further provide intellectual property protection for this project.

Subsequent to the 2016 fiscal year end, on February 9, 2017, we announced the signing of a binding term sheet with Tetra Bio-Pharma Inc. (“Tetra”) for the development and commercialization of a drug product containing dronabinol. Under the binding term sheet, Tetra will have exclusive rights to sell the product in North America with a right of first negotiation for outside the U.S. and Canada.

As per the Binding Term Sheet, we received a non-refundable exclusive negotiation payment from Tetra. We will also be entitled to receive an upfront payment along with set milestone payments based on the completion of an efficacy study, approvals from FDA and Health Canada and launching of the product.

We will be responsible for the research and development of the product, including optimization of the prototype, scale-up activities and preparation of a phase II proof of concept clinical study and will develop the product as an oral mucoadhesive tablet based on our proprietary AdVersa® controlled-release technology. Tetra will be responsible for funding the product development, and will own and control all regulatory approvals, including the application and any other marketing authorizations. Tetra will also be responsible for all aspects of commercializing the drug product.
INT0027/2011: We developed this oral film product based on our VersaFilm™ technology. In accordance with a co-development and commercialization agreement with Par Pharmaceutical Companies, Inc. (“Par”), we developed an oral film product based on our proprietary VersaFilm™ technology. The product is a generic formulation of buprenorphine and naloxone Sublingual Film, indicated for the treatment of opioid dependence. A bioequivalent film formulation was developed, scaled-up, and pivotal batches manufactured and tested during a subsequent pivotal clinical study. An ANDA was filed with the FDA by Par in July 2013.

In August 2013 we were notified that, in response to filing of the ANDA, we were named as a codefendant in a lawsuit pursuant to Paragraph IV litigation filed by Reckitt Benckiser Pharmaceuticals and Monosol RX in the U.S. District Court for the District of Delaware alleging infringement of U.S. Patent Nos. 8,475,832, 8,603,514 and 8,017,150, each of which relate to Suboxone®. We believe the ANDA product does not infringe those or any other patents, and will vigorously defend ourselves in this matter. In accordance with the terms of the co-development and commercialization agreement, Par is financially responsible for the costs of this defense. Since Paragraph IV litigation is a regular part of the ANDA process, we do not expect any unanticipated impact on our already planned development schedule. In June 2016, an opinion from the district court was obtained on the validity and infringement of the 3 orange book patents. The court ruled that the product is not infringing on two out of the three patents. Subsequently, appeals were filed by both parties.

In December 2014, Reckitt Benckiser Pharmaceuticals and Monosol RX filed a lawsuit for patent infringement in the U.S. District Court for the District of Delaware relating to the Suboxone® ANDA product. We were named as a codefendant in this action alleging patent infringement United States Patent Nos. 8,900,497 (“the ‘497 patent”) and 8,906,277 (“the ‘277 patent”), each of which relate to a process for making a uniform oral film (“the process patents”). The trial for the process patents was held in November 2016. We believe the ANDA product relating to Suboxone® does not infringe those process patents or any other patents, and will vigorously defend ourselves in this matter. In accordance with the terms of the co-development and commercialization agreement, Par is financially responsible for the costs of this defense.

On July 11, 2016, we announced the receipt of the notice of appeal for the buprenorphine/naloxone sublingual film product for the treatment of opiate addiction by Par and the Corporation to the United States Court of Appeals for the Federal Circuit from the final judgment issued by the U.S. District Court for the District of Delaware on June 27, 2016.

The ruling in the U.S. District Court of Delaware in the ANDA litigation of Par and the Corporation against Indivior PLC and Monosol Rx, LLC resulted in Par and the Corporation prevailing on the non-infringement of the U.S. Patent No. 8,017,150, which is set to expire in 2023, and on the invalidity (all claims) and non-infringement (certain claims) of the U.S. Patent No. 8,475,832, which is set to expire in 2030. The Court also ruled that Par's ANDA product would infringe the asserted claims of U.S. Patent No. 8,603,514, one of the Orange Book listed patents for Suboxone Film, and that the asserted claims of U.S. Patent No. 8,603,514 were not shown to be invalid.

In late January 2017 we received a CRL from the FDA requesting more information on the API’s and the finished product.

In June 2017, an inter partes reviews (or IPR) petition filed by Mylan Pharmaceutical for the ‘514 patent was instituted by the Patent Trial and Appeal Board (PTAB) of the USPTO (IPR2017-00200). The institution of the IPR petition open the door to other interested parties to filing their own IPR petition along with a motion for joinder to the IPR2017-00200. Par Pharmaceutical and IntelGenx Corp. filed their own IPR Petition (IPR2017-01557) for the ‘514 patent along with a joinder motion to join IPR2017-00200 concerning the ‘514 patent. In accordance with the terms of the co-development and commercialization agreement, Par is financially responsible for the costs of this procedure.

INT0036/2013: Loxapine is for the treatment of anxiety and aggression in patients suffering from schizophrenia or bipolar 1 disorder. Loxapine oral film will utilize the company's proprietary VersaFilm™ technology, allowing for an improved product to offer patients significant therapeutic benefits compared to existing medications. A fast acting loxapine oral film dosage form that can be used to effectively treat acute agitation associated with schizophrenia or bipolar 1 disorder in non-institutionalized patients while reducing the risk of pulmonary problems is needed as it could substantially reduce the potential risks of violence and injury to patients and others by preventing or reducing the duration and severity of an episode of acute agitation. Our first clinical study on this product, completed in Q4 2014, suggested improved bioavailability compared to the currently approved tablet. In late 2015 we completed a second pilot clinical study which demonstrated that buccal absorption of the drug from the loxapine oral film results in a significantly higher bioavailability of the drug compared to oral tablets. We are currently optimizing the film to further improve time to reach peak plasma concentrations.

On February 10, 2016, we announced the submission of the patent application with the U.S. patent office for an oral film dosage form containing Loxapine for the treatment of anxiety and aggression in patients suffering from schizophrenia or bipolar 1 disorder.

INT0037/2013: A product based on one of our proprietary technologies has been developed and we are currently preparing submission batches in support of a marketing application to the FDA. The product was being developed in accordance with another development and commercialization agreement with Par Pharmaceutical, Inc. On September 18, 2015, Par was acquired by Endo International plc. As a result of this acquisition, there was a conflict for Par to remain as the partner for these products. As such, the product was returned to the Corporation with full rights and no requirement for any compensation for work paid by Par. We continue to work closely with Par on the opioid dependence product and are pleased the relationship is on excellent terms.
On September 12, 2016, we announced that we had entered into a licensing, development and supply agreement with Chemo Group (“Chemo”) granting Chemo the exclusive license to commercialize two generic products for the USA market and one product on a worldwide basis. Under the terms of the agreement, Chemo has obtained certain exclusive rights to market and sell our products in exchange for upfront and milestone payments, together with a share of the profits of commercialization. Chemo also has a right of first negotiation to obtain the exclusive commercialization rights for two of the products to include any country outside the USA. Preparation of Scale-up activities for the product are currently ongoing.

INT0039/2013: A product based on one of our proprietary technologies has complete development and phase 1 clinical trial with positive data. The product was being developed in accordance with another development and commercialization agreement with Par Pharmaceutical, Inc. On September 18, 2015, Par was acquired by Endo International plc. As a result of this acquisition, there was a conflict for Par to remain as the partner for this product. As such, the product was returned to us with full rights and no requirement for any compensation for work paid by Par. We continue to work closely with Par on the opioid dependence product and are pleased the relationship is on excellent terms.

On September 12, 2016, we announced that we had entered into a licensing, development and supply agreement with Chemo granting Chemo the exclusive license to commercialize two generic products for the U.S. market and one product on a worldwide basis. Under the terms of the agreement, Chemo has obtained certain exclusive rights to market and sell our products in exchange for upfront and milestone payments, together with a share of the profits of commercialization. Chemo also has a right of first negotiation to obtain the exclusive commercialization rights for two of the products to include any country outside the U.S. Preparation scale-up and submission activities are currently ongoing.

INT0040/2014: An oral film product based on our proprietary edible film technology is currently in the optimization development stage. In order to protect our competitive advantage, no further details of the product can be disclosed at this stage.

On December 27, 2016, we announced that we have entered into a co-development and commercialization agreement with Endo Ventures Ltd. for this product utilizing our proprietary VersaFilm™ for the U.S. market. Under the agreement, Endo has obtained certain exclusive rights to market and sell our product in the U.S. We received an upfront payment and will receive future milestone payments. Endo and IntelGenx will share the profits of commercialization.

INT0041/2015: An oral film product based on our proprietary edible film technology is currently in the development stage. In order to protect our competitive advantage, no further details of the product can be disclosed at this stage.

INT0042/2015: An oral film product based on our proprietary edible film technology is currently in the development stage. In order to protect our competitive advantage, no further details of the product can be disclosed at this stage.

INT0043/2015: We are currently developing an oral film containing montelukast as an active ingredient based on our proprietary edible film technology VersaFilm™. In pre-clinical studies, it was discovered that montelukast has the potential to rejuvenate the brain in aged rats.

We are collaborating with Dr. Ludwig Aigner, a neuroscientist who is a member of our Scientific Advisory Board and head of the Institute of Molecular Regenerative Medicine at the Paracelsus Medical University in Salzburg, Austria. Dr. Aigner has made major contributions in the field of brain and spinal cord regeneration over the last 25 years. He was the first to develop tools to visualize neurogenesis in living animals and identified signaling mechanisms that are crucially involved in limiting brain regeneration. One of these mechanisms, leukotriene signaling, is related to asthma. In consequence, Dr. Aigner and his team recently demonstrated that the anti-asthmatic drug montelukast structurally and functionally rejuvenates the aged brain. His main aim is to develop molecular and cellular therapies for patients with neurodegenerative diseases and for the aged population.

On July 13, 2016, we announced the initiation of a phase 1 clinical trial of montelukast, a unique drug repurposing opportunity for the treatment of degenerative diseases of the brain, such as: mild cognitive impairment and Alzheimer’s disease, the most prominent form of dementia. The objectives of the trial were to demonstrate that our oral film product will provide therapeutically effective blood levels of montelukast, and that montelukast when delivered using our oral film crosses the blood brain barrier.

On August 22, 2016, we announced the successful completion of the pilot clinical study for our Montelukast VersaFilm™ that demonstrated a significantly improved pharmacokinetic profile against the reference product. The study data confirmed that buccal absorption of the drug from the Montelukast film product resulted in a significantly improved bioavailability of the drug compared to the commercial tablet. In addition, the study data confirmed that Montelukast crosses the blood brain barrier when administered using our Versafilm™ delivery technology.

We commenced preparation for a phase II-a proof-of-concept (“POC”) study. We expect some of the results from the study to be available starting in Q4/2017. We are also actively working on securing the IP of our product by filing numerous patent applications. Based on the outcome of this first efficacy trial in humans, we will be actively seeking a partnership or alliance opportunity to further advance developmental work and commercialization of this product.
INT0001/2004: A product based on one of our VersaTab™ proprietary technologies currently in the early development stage. In order to protect our competitive advantage, no further details of the product can be disclosed at this stage.

On December 1st, 2016, we announced that we had strengthened our relationship with Chemo by signing a term sheet for the co-development and commercialization of a generic tablet in the area of CNS (central nervous system) on a worldwide basis. According to Global Data, worldwide sales in 2015 of the CNS related product exceeded $4 billion.

As per the agreement we received an upfront payment and will be entitled to receive development costs of the product and future milestone payments. Chemo and IntelGenx will also share the profits of commercialization. The definitive agreement was signed on December 30, 2016.

The current status of each of our products as of the date of this registration statement is summarized in the following table:

<table>
<thead>
<tr>
<th>Product</th>
<th>Indication</th>
<th>Status of Development</th>
</tr>
</thead>
<tbody>
<tr>
<td>INT0001/2004</td>
<td>Anti-hypertension</td>
<td>Technology transfer ongoing</td>
</tr>
<tr>
<td>INT0004/2006</td>
<td>Antidepressant</td>
<td>FDA-approved November 2011. Commercially launched in USA as Forfivo XL® in October 2012. In 2016 we sold the royalty revenue to SWK.</td>
</tr>
<tr>
<td>INT0007/2006</td>
<td>Erectile dysfunction</td>
<td>Submission preparation ongoing</td>
</tr>
<tr>
<td>INT0010/2006</td>
<td>Pain</td>
<td>Formulation optimization, scale-up preparation and clinical study evaluation</td>
</tr>
<tr>
<td>INT0027/2011</td>
<td>Opioid dependence</td>
<td>ANDA submitted to FDA in July 2013. CRL received and under review.</td>
</tr>
<tr>
<td>INT0036/2012</td>
<td>Schizophrenia</td>
<td>Formulation development ongoing</td>
</tr>
<tr>
<td>INT0037/2013</td>
<td>Undisclosed</td>
<td>Product developed. Preparing manufacture of submission batches.</td>
</tr>
<tr>
<td>INT0039/2013</td>
<td>Undisclosed</td>
<td>Product developed. Preparing manufacture of submission batches.</td>
</tr>
<tr>
<td>INT0040/2013</td>
<td>Undisclosed</td>
<td>Formulation development ongoing</td>
</tr>
<tr>
<td>INT0041/2015</td>
<td>Undisclosed</td>
<td>Formulation development ongoing</td>
</tr>
<tr>
<td>INT0042/2015</td>
<td>Undisclosed</td>
<td>Formulation development ongoing</td>
</tr>
<tr>
<td>INT0043/2015</td>
<td>Alzheimer</td>
<td>Formulation development completed in preparation for clinical phase II proof of concept</td>
</tr>
<tr>
<td>INT0044/2016</td>
<td>Undisclosed</td>
<td>Formulation development ongoing</td>
</tr>
</tbody>
</table>

Growth Strategy

Our primary growth strategies include: (1) identifying lifecycle management opportunities for existing market leading pharmaceutical products, (2) developing oral film products that provide tangible patient benefits, (3) development of new drug delivery technologies, (4) repurposing existing drugs for new indications, (5) developing generic drugs where high technology barriers to entry exist in reproducing branded films, and (6) manufacturing our VersaFilm™ products for commercial sale. In addition, our service portfolio also includes contract manufacturing services as contract manufacturing presents an attractive short term revenue opportunity and increases the utilization of the manufacturing factory, thus further absorbing overhead costs.
Lifecycle Management Opportunities

We are seeking to position our delivery technologies as an opportunity for lifecycle management of products for which patent protection of the active ingredient is nearing expiration. While the patent for the underlying substance cannot be extended, patent protection can be obtained for a new and improved formulation by filing an application with the FDA under Section 505(b)(2) of the U.S. Federal Food, Drug and Cosmetic Act. Such applications, known as a “505(b)(2) NDA”, are permitted for new drug products that incorporate previously approved active ingredients, even if the proposed new drug incorporates an approved active ingredient in a novel formulation or for a new indication. A 505(b)(2) NDA may include information regarding safety and efficacy of a proposed drug that comes from studies not conducted by or for the applicant. The first formulation for a respective active ingredient filed with the FDA under a 505(b)(2) application may qualify for up to three years of market exclusivity upon approval. Based upon a review of past partnerships between third party drug delivery companies and pharmaceutical companies, management believes that drug delivery companies which possess innovative technologies to develop these special dosage formulations present an attractive opportunity to pharmaceutical companies. Accordingly, we believe “505(b)(2) products” represent a viable business opportunity for us.

Product Opportunities that provide Tangible Patient Benefits

Our focus will be on developing oral film products leveraging our VersaFilm™ technology that provide tangible patient benefits versus existing drug delivery forms. Patients with difficulties swallowing medication, pediatrics or geriatrics may benefit from oral films due to the ease of use. Similarly, we are working on oral films to improve bio-availability and/or response time versus existing drugs and thereby reducing side effects.

Development of New Drug Delivery Technologies

The rapidly disintegrating film technology contained in our VersaFilm™, and our AdVersa® mucosal adhesive tablet, are two examples of our efforts to develop alternate technology platforms. As we work with various partners on different products, we seek opportunities to develop new proprietary technologies.

Repurposing Existing Drugs

We are working on the repurposing of already approved drugs for new indications using our VersaFilm™ film technology. This program represents a viable growth strategy for us as it will allow for reduced development costs, improved success rates and shorter approval times. We believe that through our repurposing program we will be able minimize the risk of developmental failure and create value for us and potential partners.

Generic Drugs with High Barriers to Entry

We plan to pursue the development of generic drugs that have certain barriers to entry, e.g., where product development and manufacturing is complex and can limit the number of potential entrants into the generic market. We plan to pursue such projects only if the number of potential competitors is deemed relatively insignificant.

VersaFilm™ Manufacturing

We are in the process of establishing a state-of-the-art manufacturing facility for the future manufacture of our VersaFilm™ products. Construction of the manufacturing and laboratories is now completed and equipment is being prepared to begin manufacturing in 2017. We believe that this (1) represents a profitable business opportunity, (2) will reduce our dependency upon third-party contract manufacturers, thereby protecting our manufacturing process know-how and intellectual property, and (3) allows us to offer our development partners a full service from product conception through to supply of the finished product.

With our current manufacturing equipment, we are only able to manufacture products that do not contain flammable organic solvents. Since several of our film products are solvent-based, we are in the process of acquiring manufacturing equipment that is capable of handling organic solvents, and we are expanding our manufacturing facility in order to create the space required for this new manufacturing equipment.
Competition

The pharmaceutical industry is highly competitive and is subject to the rapid emergence of new technologies, governmental regulations, healthcare legislation, availability of financing, patent litigation and other factors. Many of our competitors, including Monosol Rx, Tesa-Labtec GmbH, BioDelivery Sciences International, Inc. and LTS Lohmann Therapy Systems Corp., have longer operating histories and greater financial, technical, marketing, legal and other resources than we have. In addition, many of our competitors have significantly greater experience than we have in conducting clinical trials of pharmaceutical products, obtaining FDA and other regulatory approvals of products, and marketing and selling products that have been approved. We expect that we will be subject to competition from numerous other companies that currently operate or are planning to enter the markets in which we compete.

The key factors affecting the development and commercialization of our drug delivery products are likely to include, among other factors:

- The regulatory requirements;
- The safety and efficacy of our products;
- The relative speed with which we can develop products;
- Generic competition for any product that we develop;
- Our ability to defend our existing intellectual property and to broaden our intellectual property and technology base;
- Our ability to differentiate our products;
- Our ability to develop products that can be manufactured on a cost effective basis;
- Our ability to manufacture our products in compliance with current Good Manufacturing Practices (“cGMP”) and any other regulatory requirements; and
- Our ability to obtain financing.

In order to establish ourselves as a viable industry partner, we plan to continue to invest in our research and development activities and in our manufacturing technology expertise, in order to further strengthen our technology base and to develop the ability to manufacture our VersaFilm™ products ourselves, and our VersaTab™ and AdVersa® products through our manufacturing partners, at competitive costs.

Our Competitive Strengths

We believe that our key competitive strengths include:

- Our comprehensive full services;
- Our diversified pipeline;
- Our ability to swiftly develop products through to regulatory approval; and
- The versatility of our drug delivery technologies.

Manufacturing Partnership

While we previously manufactured products only for testing purposes in our own laboratories, we have now started to manufacture products for pivotal clinical trials, and we are undertaking steps to manufacture products for commercial use. In order to establish ourselves as a full-service partner for our thin film products, we have completed the construction of a new, state-of-the-art oral film manufacturing facility and are in the process of preparing the equipment and finalizing plans to commercially manufacture our products using our VersaFilm™ drug delivery technology. VersaFilm™ is our proprietary immediate release polymeric film technology. It is comprised of a thin polymeric film using United States Pharmacopeia (USP) components that are safe and approved by the FDA for use in food, pharmaceutical and cosmetic products. We have completed construction of our manufacturing facility and expect it to be fully operational in 2017.

We are currently not a commercial manufacturer and we do not usually purchase large quantities of raw materials. Our manufacturing partners, however, may purchase significant quantities of raw materials, some of which may have long lead times. If raw materials cannot be supplied to our manufacturing partners in a timely and cost effective manner, our manufacturing partners may experience delays in production that may lead to reduced supplies of commercial products being available for sale or distribution. Such shortages could have a detrimental effect on sales of the products and a corresponding reduction on our royalty revenues earned.
Dependence on Major Customers

We currently rely on a few major customers for our end products. We also currently depend upon a limited number of partners to develop our products, to provide funding for the development of our products, to assist in obtaining regulatory approvals that are required in order to commercialize these products, and to market and sell our products.

Intellectual Property and Patent Protection

We protect our intellectual property and technology by using the following methods: (i) applying for patent protection in the United States and in the appropriate foreign markets, (ii) non-disclosure agreements, license agreements and appropriate contractual restrictions and controls on the distribution of information, and (iii) trade secrets, common law trademark rights and trademark registrations. We plan to file core technology patents covering the use of our platform technologies in any pharmaceutical products.

We have obtained 8 patents and have an additional 18 pending patent applications, as described below. The patents expire 20 years after submission of the initial application. In the U.S. the term of the patent sometimes extends over the 20 year period. The initial term of 20 years is extended by a period (the “patent term adjustment”) determined by the USPTO according to the delays in the prosecution of the patent application that are not applicant delays.

<table>
<thead>
<tr>
<th>Patent No.</th>
<th>Title</th>
<th>Subject</th>
<th>Date submitted / issued / expiration</th>
</tr>
</thead>
<tbody>
<tr>
<td>6,231,957</td>
<td>Rapidly disintegrating flavor wafer for flavor enrichment</td>
<td>The composition, manufacturing, and use of rapidly disintegrating flavored films for releasing flavors to certain substrates</td>
<td>Issued May 15, 2001 Expires May 6, 2019</td>
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<tr>
<td>US 6,660,292</td>
<td>Rapidly disintegrating film for precooked foods</td>
<td>Composition and manufacturing of flavored films for releasing flavors to precooked food substrates</td>
<td>Issued December 9, 2003 Expires June 19, 2021</td>
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<td>US 8,691,272</td>
<td>Multilayer tablet</td>
<td>Formulation of multilayered tablets</td>
<td>Issued April 8, 2014 Expires January 28, 2033</td>
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<tr>
<td>US 8,703,191</td>
<td>Controlled release pharmaceutical tablets</td>
<td>Formulation of tablets containing bupropion and mecamylamine</td>
<td>Issued April 22, 2014 Expires January 10, 2032</td>
</tr>
<tr>
<td>US 7,674,479</td>
<td>Sustained-release bupropion and bupropion / mecamylamine tablets</td>
<td>Formulation and method of making tablets containing bupropion and mecamylamine</td>
<td>Issued March 9, 2010 Expires July 25, 2027</td>
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<tr>
<td>US 8,735,374</td>
<td>Oral mucoadhesive dosage form</td>
<td>Direct compression formulation for buccal and sublingual dosage forms</td>
<td>Issued May 27, 2014 Expires April 15, 2032</td>
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<tr>
<td>US 9,301,948</td>
<td>Instantly wettable oral film dosage form without surfactant or polyalcohol</td>
<td>Formulation of oral films containing active pharmaceutical ingredients</td>
<td>Issued April 05, 2016 Expires July 30, 2033</td>
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<tr>
<td>US 9,668,970</td>
<td>Film Dosage Form with Extended Release Mucoadhesive Particles</td>
<td>Film containing mucoadhesive particle</td>
<td>Issued June 06, 2017 Expires November 26, 2034</td>
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<tr>
<td>Application Number</td>
<td>Description</td>
<td>Formulation</td>
<td>Filing Date</td>
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<tr>
<td>US Appl. 13/079,348</td>
<td>Solid oral dosage forms comprising tadalafil</td>
<td>Formulation of oral films containing tadalafil</td>
<td>Filed April 4, 2011</td>
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<tr>
<td>US Appl. 12/963,132</td>
<td>Oral film dosage forms and methods for making same</td>
<td>Optimization of film strip technology</td>
<td>Filed December 8, 2010</td>
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<tr>
<td>US Appl. 14/554,332</td>
<td>Film dosage forms with extended release mucoadhesive particles</td>
<td>Film containing mucoadhesive particle</td>
<td>Filed November 26, 2014</td>
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<tr>
<td>US Appl. 15/216,903</td>
<td>Film dosage forms containing amorphous active agents</td>
<td>Film containing amorphous agent</td>
<td>Filed July 22, 2016</td>
</tr>
<tr>
<td>PCT Appl. WO2016134454</td>
<td>Film dosage forms containing amorphous active agents</td>
<td>Film containing amorphous agent</td>
<td>Filed January 29, 2016</td>
</tr>
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<td>PCT Appl. WO2016123696</td>
<td>Oral dosage film exhibiting enhanced mucosal penetration</td>
<td>Formulation of oral films without conventional penetration enhancer</td>
<td>Filed January 22, 2016</td>
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<td>Japanese Appl. JP2016527262</td>
<td>Immediately wet oral films dosage forms have no surfactant and a polyhydric alcohol</td>
<td>Formulation of oral films containing active pharmaceutical ingredients</td>
<td>Filed July 30, 2014</td>
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<td>Korean Appl. KR20167005581</td>
<td>Immediately wet oral films dosage forms have no surfactant and a polyhydric alcohol</td>
<td>Formulation of oral films containing active pharmaceutical ingredients</td>
<td>Filed July 30, 2014</td>
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<td>EU Appl. EP3,027,179</td>
<td>Immediately wet oral films dosage forms have no surfactant and a polyhydric alcohol</td>
<td>Formulation of oral films containing active pharmaceutical ingredients</td>
<td>Filed July 30, 2014</td>
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<tr>
<td>Chinese Appl. CN105530921</td>
<td>Immediately wet oral films dosage forms have no surfactant and a polyhydric alcohol</td>
<td>Formulation of oral films containing active pharmaceutical ingredients</td>
<td>Filed July 30, 2014</td>
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<tr>
<td>Application</td>
<td>Description</td>
<td>Formulation</td>
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<td>Singapore Appl. SG11201600455X</td>
<td>Immediately wet oral films dosage forms have no surfactant and a polyhydric alcohol</td>
<td>Formulation of oral films containing active pharmaceutical ingredients</td>
<td>July 30, 2014</td>
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<tr>
<td>Australian Appl. AU2014298130</td>
<td>Immediately wet oral films dosage forms have no surfactant and a polyhydric alcohol</td>
<td>Formulation of oral films containing active pharmaceutical ingredients</td>
<td>July 30, 2014</td>
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<tr>
<td>Canadian Appl. CA2,919,442</td>
<td>Immediately wet oral films dosage forms have no surfactant and a polyhydric alcohol</td>
<td>Formulation of oral films containing active pharmaceutical ingredients</td>
<td>July 30, 2014</td>
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<td>Mexican Appl. MX 2016001399</td>
<td>Immediately wet oral films dosage forms have no surfactant and a polyhydric alcohol</td>
<td>Formulation of oral films containing active pharmaceutical ingredients</td>
<td>July 30, 2014</td>
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<tr>
<td>Brazilian Appl. BR112016002074</td>
<td>Immediately wet oral films dosage forms have no surfactant and a polyhydric alcohol</td>
<td>Formulation of oral films containing active pharmaceutical ingredients</td>
<td>July 30, 2014</td>
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<td>Israel Appl. 243651</td>
<td>Immediately wet oral films dosage forms have no surfactant and a polyhydric alcohol</td>
<td>Formulation of oral films containing active pharmaceutical ingredients</td>
<td>July 30, 2014</td>
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<tr>
<td>South African Appl. 2016/00785</td>
<td>Immediately wet oral films dosage forms have no surfactant and a polyhydric alcohol</td>
<td>Formulation of oral films containing active pharmaceutical ingredients</td>
<td>July 30, 2014</td>
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<tr>
<td>Chilean Appl. 201600160</td>
<td>Immediately wet oral films dosage forms have no surfactant and a polyhydric alcohol</td>
<td>Formulation of oral films containing active pharmaceutical ingredients</td>
<td>July 30, 2014</td>
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<td>Columbian Appl. 1 6047053</td>
<td>Immediately wet oral films dosage forms have no surfactant and a polyhydric alcohol</td>
<td>Formulation of oral films containing active pharmaceutical ingredients</td>
<td>July 30, 2014</td>
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<td>Russian Appl. 2016106907</td>
<td>Immediately wet oral films dosage forms have no surfactant and a polyhydric alcohol</td>
<td>Formulation of oral films containing active pharmaceutical ingredients</td>
<td>July 30, 2014</td>
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<td>New Zealand Appl. 716574</td>
<td>Immediately wet oral films dosage forms have no surfactant and a polyhydric alcohol</td>
<td>Formulation of oral films containing active pharmaceutical ingredients</td>
<td>July 30, 2014</td>
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<td>Canadian Appl. CA2,797,444</td>
<td>Solid oral dosage forms comprising tadalafil</td>
<td>Formulation of oral films containing tadalafil</td>
<td>November 3, 2011</td>
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<td>EU Appl. EP1,968,562</td>
<td>Multilayer tablet</td>
<td>Formulation of multilayered tablets</td>
<td>November 22, 2007</td>
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<tr>
<td>US Appl. 15/426,149</td>
<td>Solid Oral Film Dosage Forms and Methods for Making Same</td>
<td>Formulation of oral films containing tadalafil</td>
<td>February 7, 2016</td>
</tr>
</tbody>
</table>

**Government Regulation**

The pharmaceutical industry is highly regulated. The products we participate in developing require certain regulatory approvals. In the United States, drugs are subject to rigorous regulation by the FDA. The U.S. Federal Food, Drug, and Cosmetic Act, and other federal and state statutes and regulations, govern, among other things, the research, development, testing, manufacture, storage, record keeping, packaging, labeling, adverse event reporting, advertising, promotion, marketing, distribution, and import and export of pharmaceutical products. Failure to comply with applicable regulatory requirements may subject a company to a variety of administrative or judicially-imposed sanctions and/or the inability to obtain or maintain required approvals or to market drugs. The steps ordinarily required before a new pharmaceutical product may be marketed in the United States include:

- Preclinical laboratory tests, animal studies and formulation studies under FDA’s good laboratory practices regulations, or GLPs;
- The submission to the FDA of an investigational new drug application, or IND, which must become effective before human clinical trials may begin;
- The completion of adequate and well-controlled clinical trials according to good clinical practice regulations, or GCPs, to establish the safety and efficacy of the product for each indication for which approval is sought;
• After successful completion of the required clinical testing, submission to the FDA of a NDA, or an ANDA, for generic drugs. In certain cases, an application for marketing approval may include information regarding safety and efficacy of a proposed drug that comes from studies not conducted by or for the applicant. Such applications, known as a 505(b)(2) NDA, are permitted for new drug products that incorporate previously approved active ingredients, even if the proposed new drug incorporates an approved active ingredient in a novel formulation or for a new indication;

• Satisfactory completion of an FDA pre-approval inspection of the manufacturing facility or facilities at which the product is to be produced, to assess compliance with cGMPs to assure that the facilities, methods and controls are adequate to preserve the drug’s identity, strength, quality and purity; and

• FDA review and approval of the NDA or ANDA.

The cost of complying with the foregoing requirements, including preparing and submitting an NDA or ANDA, may be substantial. Accordingly, we typically rely upon our partners in the pharmaceutical industry to spearhead and bear the costs of the FDA approval process.
We also seek to mitigate regulatory costs by focusing on 505(b)(2) NDA opportunities. By applying our drug delivery technology to existing drugs, we seek to develop products with lower research & development (“R&D”) expenses and shorter time-to-market timelines as compared to regular NDA products.

**Research and Development Expense**

Our R&D expenses, net of R&D tax credits, for the year ended December 31, 2016 increased by $733 thousand to $1,766 thousand, compared with $1,033 thousand for the year ended December 31, 2015. The increase in R&D expenditure is explained in the section of this registration statement entitled “Management’s Discussion and Analysis of Financial Condition and Results of Operations”.

**Environmental Regulatory Compliance**

We believe that we are in compliance with environmental regulations applicable to our research and development and manufacturing facility located in Ville Saint Laurent, Quebec.

**Employees**

As of the date of this filing, we have 25 full-time and four part-time employees. None of our employees are covered by collective bargaining agreements. We believe that our relations with our employees are very good.

**DESCRIPTION OF PROPERTY**

On April 24, 2015, we entered into an agreement to lease approximately 17,000 square feet in a property located at 6420 Abrams, St-Laurent, Quebec (the “Lease’). The Lease has a 10 year and 6-month term which commenced on September 1, 2015 and we have retained two options to extend the Lease, with each option being for an additional five years. Under the terms of the Lease we will be required to pay base rent of approximately CA$110 thousand (approximately $84 thousand) per year, which will increase at a rate of CA$0.25 ($0.19) per square foot/per year, every two years. Approximately 9,500 square feet of the new facility is being used to establish manufacturing capabilities for our VersaFilm™ thin film products, approximately 4,000 square feet for our R&D activities, and approximately 3,500 square feet for administration.

We also finalised negotiations on April 29, 2015 for an agreement for the construction of manufacturing facilities, laboratories, and offices within the property located at 6420 Abrams, St-Laurent, Quebec, at an aggregate cost of CA$2.9 million (approximately $2.2 million). The construction agreement was awarded to BTL Construction Inc. (“BTL”) in Quebec following a tender process that was completed in December 2014. BTL specializes in the construction and renovation of facilities for the pharmaceutical industry, and has completed projects for various major pharmaceutical companies. We funded this project from cash on hand as well as a CA$1 million loan from IQ.
Introduction to Management’s Discussion and Analysis

The purpose of this section, Management’s Discussion and Analysis of Financial Condition and Results of Operations, is to provide a narrative explanation of the financial statements that enables investors to better understand our business, to enhance our overall financial disclosure, to provide the context within which our financial information may be analyzed, and to provide information about the quality of, and potential variability of, our financial condition, results of operations and cash flows. Unless otherwise indicated, all financial and statistical information included herein relates to our continuing operations. Unless otherwise indicated or the context otherwise requires, the words, “IntelGenx”, “Corporation”, “we”, “us”, and “our” refer to IntelGenx Technologies Corp. and its subsidiaries, including IntelGenx Corp. This information should be read in conjunction with the accompanying interim consolidated financial statements and Notes thereto and audited Consolidated Financial Statements and Notes thereto, as applicable.

Company Background

We are a drug delivery company established in 2003 and headquartered in Montreal, Quebec, Canada. Our focus is on the development of novel oral immediate-release and controlled-release products for the pharmaceutical market. Our business strategy is to develop pharmaceutical products based on our proprietary drug delivery technologies and, once the viability of a product has been demonstrated, to license the commercial rights to partners in the pharmaceutical industry. In certain cases, we rely upon partners in the pharmaceutical industry to fund development of the licensed products, complete the regulatory approval process with the U.S. Food and Drug Administration (“FDA”) or other regulatory agencies relating to the licensed products, and assume responsibility for marketing and distributing such products.

In addition, we may choose to pursue the development of certain products until the project reaches the marketing and distribution stage. We will assess the potential for successful development of a product and associated costs, and then determine at which stage it is most prudent to seek a partner, balancing such costs against the potential for additional returns earned by partnering later in the development process.

Our primary growth strategies include: (1) identifying lifecycle management opportunities for existing market leading pharmaceutical products, (2) repurposing existing drugs for new indications, (3) developing generic drugs where high technology barriers to entry exist in reproducing branded films, (4) manufacturing our VersaFilm™ products for commercial sale and (5) development of new drug delivery technologies.
Lifecycle Management Opportunities

We are seeking to position our delivery technologies as an opportunity for lifecycle management of products for which patent protection of the active ingredient is nearing expiration. While the patent for the underlying substance cannot be extended, patent protection can be obtained for a new and improved formulation by filing an application with the FDA under Section 505(b)(2) of the U.S. Federal Food, Drug and Cosmetic Act. Such applications, known as a “505(b)(2) NDA”, are permitted for new drug products that incorporate previously approved active ingredients, even if the proposed new drug incorporates an approved active ingredient in a novel formulation or for a new indication. A 505(b)(2) NDA may include information regarding safety and efficacy of a proposed drug that comes from studies not conducted by or for the applicant. The first formulation for a respective active ingredient filed with the FDA under a 505(b)(2) application may qualify for up to three years of market exclusivity upon approval. Based upon a review of past partnerships between third party drug delivery companies and pharmaceutical companies, management believes that drug delivery companies which possess innovative technologies to develop these special dosage formulations present an attractive opportunity to pharmaceutical companies. Accordingly, we believe “505(b)(2) products” represent a viable business opportunity for us.

Repurposing Existing Drugs

We are working on the repurposing of already approved drugs for new indications using our VersaFilm™ film technology. This program represents a viable growth strategy for us as it will allow for reduced development costs, improved success rates and shorter approval times. We believe that through our repurposing program we will be able minimize the risk of developmental failure and create value for us and potential partners.

Generic Drugs with High Barriers to Entry

We plan to pursue the development of generic drugs that have certain barriers to entry, e.g., where product development and manufacturing is complex and can limit the number of potential entrants into the generic market. We plan to pursue such projects only if the number of potential competitors is deemed relatively insignificant.

VersaFilm™ Manufacturing

We have established a state-of-the-art manufacturing facility with the intent to manufacture all our VersaFilm™ products in house as we believe that this (1) represents a profitable business opportunity, (2) will reduce our dependency upon third-party contract manufacturers, thereby protecting our manufacturing process know-how and intellectual property, and (3) allows us to offer our development partners a full service from product conception through to supply of the finished product.

Most recent key developments

On January 4, 2017, the Company announced the signing of a definitive agreement with Chemo Group for the co-development and commercialization of a generic tablet in the area of CNS (central nervous system) on a worldwide basis. According to Global Data, worldwide sales in 2015 of the CNS related product exceeded $4 billion. This definitive agreement signed December 30, 2016 follows the binding term sheet announced on December 1, 2016. Under the agreement, IntelGenx is entitled to an upfront payment, development costs of the product and future milestone payments. Chemo and IntelGenx will also share the profits of commercialization.

On January 19, 2017, the Company announced the grant of 300,000 options to the Company's board of directors to acquire a total of 300,000 common shares under the 2016 Stock Option Plan. Of the total stock options granted, 50,000 were granted to each of the following non-employee directors: Bernard Boudreau, John Marinucci, Ian Troup, Bernd Melchers, Clemens Mayr and Mark Nawacki. The options were granted as part of the annual compensation for non-employee directors. The options have an exercise price of US$0.89 (CAD$1.16), vest immediately, and expire on January 17, 2027.

On March 13, 2017, the Company announced that it had retained Kilmer Lucas Inc. to provide the Company with select Canadian and U.S. investor relations and strategic advisory services. Kilmer Lucas is an arm's length third party to IntelGenx, and it does not have any interest, directly or indirectly, in IntelGenx, or any right or intent to acquire such an interest. The agreement between IntelGenx and Kilmer Lucas had an initial term of 90 days, following which the agreement can be terminated for any reason by either party. Kilmer Lucas will be paid out of IntelGenx’ immediately available funds. Effective March 13, 2017, Kilmer Lucas replaced IntelGenx’ previous in-house Director of IR.
Kilmer Lucas is a healthcare-only investor relations and capital markets advisory company with offices in New York, San Francisco and Toronto. It takes a holistic approach to building a customized investor relations strategy that begins with a deep understanding of a company’s corporate and financial goals. Kilmer Lucas seeks to leverage its longstanding relationships and strong track record to positively influence investor perceptions, maximize stock valuations and lower the cost of capital needed to fund its clients' growth. Kilmer Lucas also publishes its own popular healthcare investor news blog, Bio Tuesdays. To-date, BioTuesdays has profiled more than 350 life sciences companies, providing invaluable exposure for innovative technologies and compelling investment stories that may have otherwise gone unnoticed.

On March 28, 2017, the Company announced that Eli Lilly and Company granted IntelGenx' VersaFilm™ an exclusive license for tadalafil film product under erectile dysfunction (ED) dosing patent, United States Patent No. 6,943,166 (the '166 dosing patent). Any exclusivity associated with the tadalafil compound patent expiring is not affected by this agreement.

Subject to U.S. Food and Drug Administration (FDA) approval, this exclusive license allows IntelGenx to commercialize its Tadalafil ED VersaFilm™ product in the U.S. prior to the expiration of the '166 dosing patent. With this license, IntelGenx is the only company that has a free and clear pathway to launch a tadalafil film product for the treatment of ED in the U.S. The exclusivity provides an outstanding competitive advantage to IntelGenx' Tadalafil ED VersaFilm™ product and IntelGenx will continue its efforts to securing a strategic partnership for the commercialization of Tadalafil VersaFilm™.

IntelGenx has developed a proprietary process and formulation for manufacturing the Tadalafil ED VersaFilm™ product and plans to supply the product to multiple markets around the world.

On April 3, 2017, the Company and Tetra Bio-Pharma Inc. announced the signing of a definitive agreement for the development and commercialization of a drug product containing the cannabinoid Dronabinol for the management of anorexia and cancer chemotherapy-related pain. This definitive agreement effective March 31, 2017 follows the binding term sheet between the two companies that was announced on February 9, 2017.

Pursuant to the definitive agreement, Tetra has exclusive rights to sell the Product in North America, with a right of first negotiation for territories outside of the United States and Canada. Tetra will make an upfront payment to IntelGenx, in addition to set future milestone and royalty payments, based on the completion of an efficacy study, approvals from the U.S. Food and Drug Association and Health Canada, and the commercial launch of the Product. IntelGenx will be responsible for the research and development of the Product, including clinical studies, and will develop the product as an oral mucoadhesive tablet based on its proprietary AdVersa™ controlled-release technology. Tetra will be responsible for funding the product development, and will own and control all regulatory approvals, including the related applications, and any other marketing authorizations. Tetra will also be responsible for all aspects of commercializing the Product.

Subsequent to the quarter end, on April 5, 2017, the Company filed a preliminary short form prospectus in Canada with respect to an offering of a minimum of Cdn$7,000,000 and a maximum of Cdn$10,000,000 aggregate principal amount of 8% convertible unsecured subordinated debentures due June 30, 2020 at a price of Cdn$1,000 per Debenture. Concurrently with the filing of the Prospectus, the Corporation has filed a registration statement on Form S-1 with the United States Securities and Exchange Commission to register the Debentures and the shares of common stock underlying the Debentures.
The Offering is being conducted on a commercially reasonable best efforts basis by a syndicate of agents led by Desjardins Capital Markets and including Laurentian Bank Securities Inc. and Echelon Wealth Partners Inc. The Offering will be conducted in the provinces of British Columbia, Alberta, Manitoba, Ontario and Québec.

The Debentures will bear interest at an annual rate of 8%, payable semi-annually on the last day of June and December of each year, commencing on June 30, 2017. The size of the Offering and the conversion price will be determined in the context of the market prior to filing of a (final) short form prospectus.

The net proceeds from the Offering will be used for capital expansion, clinical studies, product development and general working capital requirements.

The Corporation will apply to list the Debentures and the shares of common stock issuable on the conversion of the Debentures or pursuant to other terms of the Debentures on the TSX Venture Exchange (the "TSXV"). A copy of the Prospectus is available under the Corporation's profile at www.sedar.com and a copy of the Registration Statement can be obtained from the SEC's website at www.sec.gov or by request to Desjardins Capital Markets at ecm@vmd.desjardins.com. The Offering is subject to certain customary conditions including, but not limited to, the receipt of all necessary approvals, including the approval of the TSXV and the SEC declaring the Registration Statement effective.

A registration statement relating to these securities has been filed with the SEC but has not yet become effective. These securities may not be sold nor may offers to buy be accepted prior to the time the registration statement becomes effective. No offer to buy the securities can be accepted and no part of the purchase price can be received until the registration statement has become effective, and any such offer may be withdrawn or revoked, without obligation or commitment of any kind, at any time prior to notice of its acceptance given after the effective date.

Corporate related developments

Expansion to the existing Manufacturing Facility

The Company has initiated an expansion project to the existing manufacturing facility. This expansion became necessary following requests by commercial partners to increase manufacturing capacity and provide solvent film manufacturing capabilities. The new facility should create a fivefold increase of our production capacity in addition to offering a one-stop shopping opportunity to our partners. It should also significantly lower the acquisition cost for our partners and provide better protection of our Intellectual Property.

The Company has already entered into a lease agreement for an additional 11,000 square feet of expansion space and the preparation for a facility expansion is already ongoing.

All amounts are expressed in thousands of U.S. dollars unless otherwise stated.

Management’s Discussion and Analysis for the fiscal quarter ended March 31, 2017

Currency rate fluctuations

Our operating currency is Canadian dollars, while our reporting currency is U.S. dollars. Accordingly, our results of operations and balance sheet position have been affected by currency rate fluctuations. In summary, our financial statements for the three-month period ended March 31, 2017 report an accumulated other comprehensive loss due to foreign currency translation adjustments of $975 due to the fluctuations in the rates used to prepare our financial statements, $44 of which positively impacted our comprehensive loss for the three-month period ended March 31, 2017. The following Management Discussion and Analysis takes this into consideration whenever material.
Reconciliation of Comprehensive Loss to Adjusted Earnings before Interest, Taxes, Depreciation and Amortization (Adjusted EBITDA)

Adjusted EBITDA is a non-US GAAP financial measure. A reconciliation of the Adjusted EBITDA is presented in the table below. The Company uses adjusted financial measures to assess its operating performance. Securities regulations require that companies caution readers that earnings and other measures adjusted to a basis other than US-GAAP do not have standardized meanings and are unlikely to be comparable to similar measures used by other companies. Accordingly, they should not be considered in isolation. The Company uses Adjusted EBITDA to measure its performance from one period to the next without the variation caused by certain adjustments that could potentially distort the analysis of trends in our operating performance, and because the Company believes it provides meaningful information on the Company’s financial condition and operating results.

IntelGenx obtains its Adjusted EBITDA measurement by adding to comprehensive loss, finance income and costs, depreciation and amortization, income taxes and foreign currency translation adjustment incurred during the period. IntelGenx also excludes the effects of certain non-monetary transactions recorded, such as share-based compensation, for its Adjusted EBITDA calculation. The Company believes it is useful to exclude these items as they are either non-cash expenses, items that cannot be influenced by management in the short term, or items that do not impact core operating performance. Excluding these items does not imply they are necessarily nonrecurring. Share-based compensation costs are a component of employee and consultant’s remuneration and can vary significantly with changes in the market price of the Company’s shares. Foreign currency translation adjustments are a component of other comprehensive income and can vary significantly with currency fluctuations from one period to another. In addition, other items that do not impact core operating performance of the Company may vary significantly from one period to another. As such, Adjusted EBITDA provides improved continuity with respect to the comparison of the Company’s operating results over a period of time. Our method for calculating Adjusted EBITDA may differ from that used by other corporations.

Reconciliation of Non-U.S.-GAAP Financial Information

<table>
<thead>
<tr>
<th>In U.S.$ thousands</th>
<th>2017</th>
<th>2016</th>
</tr>
</thead>
<tbody>
<tr>
<td>Comprehensive Loss</td>
<td>$ (468)</td>
<td>$ (707)</td>
</tr>
<tr>
<td>Add (deduct):</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Depreciation</td>
<td>170</td>
<td>87</td>
</tr>
<tr>
<td>Finance costs</td>
<td>57</td>
<td>40</td>
</tr>
<tr>
<td>Finance income</td>
<td>(2)</td>
<td>-</td>
</tr>
<tr>
<td>Share-based compensation</td>
<td>170</td>
<td>63</td>
</tr>
<tr>
<td>Foreign currency translation adjustment</td>
<td>(44)</td>
<td>(39)</td>
</tr>
<tr>
<td>Adjusted EBITDA</td>
<td>(117)</td>
<td>(556)</td>
</tr>
</tbody>
</table>

Adjusted Earnings before Interest, Taxes, Depreciation and Amortization (Adjusted EBITDA)

Adjusted EBITDA increased by $439 for the three-month period ended March 31, 2017 to ($117) compared to ($556) for the three-month period ended March 31, 2016. The increase in Adjusted EBITDA of $439 for the three– month period ended March 31, 2017 is mainly attributable to an increase in revenues of $535 partially offset by an increase in R&D expenses of $157 before consideration of stock-based compensation.

Results of operations for the three-month period ended March 31, 2017 compared with the three-month period ended March 31, 2016.
### Revenue

Total revenues for the three-month period ended March 31, 2017 amounted to $1,353, representing an increase of $535 or 65% compared to $818 for the three-month period ended March 31, 2016. The increase for the three-month period ended March 31, 2017 compared to the last year’s corresponding period is mainly attributable to the increase in upfront and deferred revenues on monetization of $914 offset by a decrease in royalties of $379.

### Cost of royalty and license revenue

We recorded $92 for the cost of royalty and license revenue in the three-month period ended March 31, 2017 compared with $65 in the same period of 2016. This expense relates to a Project Transfer Agreement that was executed in May 2010 with one of our former development partners whereby we acquired full rights to, and ownership of, Forfivo XL®, our novel, high strength formulation of Bupropion hydrochloride, the active ingredient in Wellbutrin XL®. Pursuant to the Project Transfer Agreement, and following commercial launch of Forfivo XL® in October 2012, we are required, after recovering an aggregate $200 for management fees previously paid, to pay our former development partner 10% of net product sales received from the sale of Forfivo XL®. We recovered the final portion of the management fees in December 2014, thereby invoking payments to our former development partner. Following the monetization of Forfivo XL®'s royalties, we are required to record 10% of the deferred revenues from the monetization as cost of royalty and license revenue until December 31, 2017 which represented $92 for the first quarter of 2017.

### Research and development (“R&D”) expenses

R&D expenses for the three-month period ended March 31, 2017 amounted to $644, representing an increase of $163 or 34%, compared to $481 for the three-month period ended March 31, 2016.
The increase in R&D expenses for the three-month period ended March 31, 2017 is mainly attributable to increases in manufacturing scale up activities of $49, study costs of $111, license fees of $42, lab supplies of $47 and R&D salaries of $85. The increase was partially offset by a reduction in patent costs of $171.

In the three-month period ended March 31, 2017 we recorded estimated Research and Development Tax Credits and refunds of $30, compared with $22 that was recorded in the same period of the previous year.

**Selling, general and administrative (“SG&A”) expenses**

SG&A expenses for the three-month period ended March 31, 2017 amounted to $904, representing an increase of $13 or 1%, compared to $891 for the three-month period ended March 31, 2016.

The increase in SG&A expenses for the three-month period ended March 31, 2017 is mainly attributable to an increase in investor relation expenses $41, partially offset by a decrease in office and general expenses of $23.

**Depreciation of tangible assets**

In the three-month period ended March 31, 2017 we recorded an expense of $170 for the depreciation of tangible assets, compared with an expense of $87 thousand for the same period of the previous year.

**Share-based compensation expense, warrants and stock based payments**

Share-based compensation warrants and share-based payments expense for the three-month period ended March 31, 2017 amounted to $170 compared to $63 for the three-month period ended March 31, 2016.

We expensed approximately $49 in the three-month period ended March 31, 2017 for options granted to our employees in 2015 and 2016 under the 2006/2016 Stock Option Plan, approximately $119 for options granted non-employee directors in 2015, 2016 and 2017, and approximately $2 for options granted to a consultant in 2016, compared with $28, $35, and $nil respectively that was expensed in the same period of the previous year.

There remains approximately $238 in stock based compensation to be expensed in fiscal 2017 and 2018, of which $229 relates to the issuance of options to our employees and directors during 2015 to 2017 and $9 relates to the issuance of options to a consultant in 2016. We anticipate the issuance of additional options and warrants in the future, which will continue to result in stock-based compensation expense.

**Key items from the balance sheet**

<table>
<thead>
<tr>
<th>In U.S. $ thousands</th>
<th>March 31, 2017</th>
<th>December 31, 2016</th>
<th>Increase/ (Decrease)</th>
<th>Increase/ (Decrease)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Current Assets</td>
<td>$4,966</td>
<td>$6,352</td>
<td>-$1,386</td>
<td>-22%</td>
</tr>
<tr>
<td>Leasehold improvements and Equipment</td>
<td>5,833</td>
<td>5,730</td>
<td>103</td>
<td>2%</td>
</tr>
<tr>
<td>Security Deposits</td>
<td>714</td>
<td>708</td>
<td>6</td>
<td>1%</td>
</tr>
<tr>
<td>Current Liabilities</td>
<td>4,073</td>
<td>5,235</td>
<td>-$1,162</td>
<td>-22%</td>
</tr>
<tr>
<td>Long-term debt</td>
<td>2,410</td>
<td>2,565</td>
<td>-$155</td>
<td>-6%</td>
</tr>
<tr>
<td>Capital Stock</td>
<td>1</td>
<td>1</td>
<td>0</td>
<td>0%</td>
</tr>
<tr>
<td>Additional Paid-in- Capital</td>
<td>24,207</td>
<td>23,700</td>
<td>507</td>
<td>2%</td>
</tr>
</tbody>
</table>
Current assets
current assets totaled $4,966 as at March 31, 2017 compared with $6,352 at December 31, 2016. The decrease of $1,386 is mainly attributable to a decrease in cash and cash equivalents of approximately $312 and a decrease in short term investments of $252 as well as a decrease in accounts receivable of approximately $616.

Cash and cash equivalents
Cash and cash equivalents totaled $300 as at March 31, 2017 representing a decrease of $312 compared with the balance of $612 as at December 31, 2016. The decrease in cash on hand relates to net cash used by operating activities of $523 and unrealized foreign exchange loss of $101, offset by net cash provided by financing activities of $234 and net cash provided by investing activities of $78.

Accounts receivable
Accounts receivable totaled $428 as at March 31, 2017 representing a decrease of $616 compared with the balance of $1,044 as at December 31, 2016. The main reason for the decrease is related to the collection in Q1 2017 of upfront payments accounted for as at December 31, 2016.

Prepaid expenses
As at March 31, 2017 prepaid expenses totaled $428 compared with $566 as of December 31, 2016. The decrease in prepaid expenses is attributable to the advance payments in December 2016 of certain expenses that relate to services to be provided in the remainder of the year.

Investment tax credits receivable
R&D investment tax credits receivable totaled approximately $178 as at March 31, 2017 compared with $246 as at December 31, 2016. The decrease is attributable to the collection of the 2015 tax credits offset by the accrual estimated and recorded for the first quarter of 2017.

Leasehold improvements and equipment
As at March 31, 2017, the net book value of leasehold improvements and equipment amounted to $5,833, compared to $5,730 at December 31, 2016. In the three-month period ended March 31, 2017 additions to assets totaled $222 and mainly comprised of $210 for manufacturing equipment, $7 for computer equipment, $3 for leasehold improvements, and $2 for office furniture.

Security deposit
A security deposit in the amount of CAD$300 in respect of an agreement to lease approximately 17,000 square feet in a property located at 6420 Abrams, St-Laurent, Quebec, Canada was recorded as at March 31, 2017. Security deposits in the amount of CAD$650 for the term loans were also recorded as at March 31, 2017.

Accounts payable and accrued liabilities
Accounts payable and accrued liabilities totaled $613 as at March 31, 2017 compared with $897 as at December 31, 2016. The decrease is mainly attributable to the December 31, 2016 bonus accruals paid out in Q1 2017.

Long-term debt
Long-term debt totaled $3,120 as at March 31, 2017 (December 31, 2016 - $3,269). An amount of $2,519 is attributable to term loan from the lender secured by a first ranking movable hypothec on all present and future movable property of the Company and a 50% guarantee by Export Development Canada, a Canadian Crown corporation export credit agency. The reimbursement of the term loan started in September 2015 and should be fully reimbursed by October 2021.
An amount of $601 is attributable to a second loan secured by a second ranking on all present and future property of the Company. The reimbursement of the loan started in January 2017 and should be fully reimbursed by March 2021.

**Shareholders’ equity**

As at March 31, 2017 we had accumulated a deficit of $18,249 compared with an accumulated deficit of $17,737 as at December 31, 2016. Total assets amounted to $11,513 and shareholders’ equity totaled $4,984 as at March 31, 2017, compared with total assets and shareholders’ equity of $12,790 and $4,945 respectively, as at December 31, 2016.

**Capital stock**

As at March 31, 2017 capital stock amounted to $0.654 (December 31, 2016: $0.648). Capital stock is disclosed at its par value with the excess of proceeds shown in Additional Paid-in-Capital.

**Additional paid-in-capital**

Additional paid-in capital totaled $24,207 as at March 31, 2017, as compared to $23,700 as at December 31, 2016. Additional paid in capital increased by $507 from which $337 came from proceeds from exercise of warrants and stock options and $170 from stock based compensation attributable to the amortization of stock options granted to employees and directors.

**Taxation**

As at December 31, 2016, the date of our latest annual tax return, we had Canadian and provincial net operating losses of approximately $7,585 (December 31, 2015: $6,462) and $7,763 (December 31, 2015: $6,725) respectively, which may be applied against earnings of future years. Utilization of the net operating losses is subject to significant limitations imposed by the change in control provisions. Canadian and provincial losses will be expiring between 2027 and 2036. A portion of the net operating losses may expire before they can be utilized.

As at December 31, 2016, we had non-refundable tax credits of $1,190 thousand (2015: $1,022 thousand) of which $8 thousand is expiring in 2026, $10 thousand is expiring in 2027, $168 thousand is expiring in 2028, $147 thousand is expiring in 2029, $126 thousand is expiring in 2030, $133 thousand is expiring in 2031, $167 thousand is expiring in 2032 and $111 thousand is expiring in 2033, $84 thousand expiring in 2034 and $99 thousand is expiring in 2035 and $137 thousand expiring in 2036. We also had undeducted research and development expenses of $5,438 thousand (2015: $4,563 thousand) with no expiration date.

The deferred tax benefit of these items was not recognized in the accounts as it has been fully provided for.

**Key items from the statement of cash flows**

<table>
<thead>
<tr>
<th>In U.S. thousands</th>
<th>March 31, 2017</th>
<th>March 31, 2016</th>
<th>Increase/ (Decrease)</th>
<th>Percentage Increase/ (Decrease)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Operating Activities</td>
<td>$523</td>
<td>$(1,056)</td>
<td>$533</td>
<td>50%</td>
</tr>
<tr>
<td>Financing Activities</td>
<td>234</td>
<td>375</td>
<td>(141)</td>
<td>(38%)</td>
</tr>
<tr>
<td>Investing Activities</td>
<td>78</td>
<td>(290)</td>
<td>368</td>
<td>127%</td>
</tr>
<tr>
<td>Cash and cash equivalents - end of period</td>
<td>300</td>
<td>2,067</td>
<td>(1,767)</td>
<td>(85%)</td>
</tr>
</tbody>
</table>
Statement of cash flows

Net cash used in operating activities was $523 for the three-month period ended March 31, 2017, compared to $1,056 for the three-month period ended March 31, 2016. For the three-month period ended March 31, 2017, net cash used by operating activities consisted of a net loss of $512 (2016: $746) and a decrease in non-cash operating elements of working capital of $351 (2016: $460).

The net cash provided by financing activities was $234 for the three-month period ended March 31, 2017, compared to $375 provided in the same period of the previous year. An amount of $337 derives from exercise of warrants and stock options offset by repayment of term loans for an amount of $103.

Net cash provided by investing activities amounted to $78 for the three-month period ended March 31, 2017 compared to a negative $290 in the same period of 2016. The net cash provided by investing activities for the three-month period ended March 31, 2017 relates to the redemption of short term investments of $300 (2016: $Nil), offset by the purchase of fixed assets of $222 (2016: $290).

The balance of cash and cash equivalents as at March 31, 2017 amounted to $300, compared to $2,067 at March 31, 2016.

Off-balance sheet arrangements

We have no off-balance sheet arrangements.

Management’s Discussion and Analysis for the year ended December 31, 2016

2016 Key Developments

Anti-depressant tablet, Forfivo XL®

On August 5th, 2016, we announced that we had sold our U.S. royalty on future sales of Forfivo XL® to SWK Holdings Corporation (SWK) for $6 million (CA$8 million). Forfivo XL® (Bupropion extended-release) is the first 450 mg bupropion HCl tablet indicated for Major Depressive Disorder, approved by the FDA. As per terms of the agreement, we received $6 million from SKW at closing. In return for, (i) 100% of any and all royalties (as defined in the Edgemont Pharmaceuticals, LLC License Agreement) or similar royalty amounts received on or after April 1, 2016, (ii) 100% of the $2 million milestone payment upon Edgemont reaching annual net sales of $15 million, and (iii) 35% of all potential future milestone payments. Patent protection for Forfivo XL® in the United States expires in 2027 with an authorized generic entering the market in January 2018.
SWK is a specialized finance company with a focus on the global healthcare sector. SWK partners with ethical product marketers and royalty holders to provide flexible financing solutions at an attractive cost of capital to create long-term value for both SWK’s business partners and its investors.

**Anti-migraine VersaFilm™**

On February 18, 2016, we announced that the USPTO had granted a patent protecting Rizaport®, an oral thin film formulation of rizatriptan benzoate for the treatment of acute migraines. This patent protects the composition of Rizaport® and will be listed in the Orange Book upon approval of the product by the FDA. The patent application, entitled “Instantly Wettable Oral Film Dosage Form Without Surfactant or Polyalcohol” covers rapidly disintegrating film oral dosage forms and is valid until 2034.

On July 5, 2016, we announced the signing of the definitive agreement with Grupo Juste S.A.Q.F. (now Exeltis Healthcare, S.L. (“Exeltis”)) for the commercialization of RIZAPORT®, our proprietary oral thin film for the treatment of acute migraines, in the country of Spain. All commercial manufacturing of RIZAPORT® will take place at our new state-of-the-art manufacturing facility in Canada. Grupo Juste (Exeltis) is a prominent private Spanish company with over 90 years of experience in the research, development and commercialization of proprietary pharmaceutical products, including migraine and other central nervous system drugs, in Europe, Latin America and other territories. According to the definitive agreement, Grupo Juste (Exeltis) has obtained exclusive rights to register, promote and distribute RIZAPORT® in Spain. In exchange, we and Redhill Biopharma will receive upfront and milestone payments, together with a share of the net sales of RIZAPORT®. Commercial launch in Spain is estimated to take place in the second half of 2017. The initial term of the definitive agreement shall be for ten years from the date of first commercial sale of the product and shall automatically renew for one additional two-year term.

Through our partner Grupo Juste, (Exeltis) the product was submitted in Spain in September 2016 for approval using a decentralized procedure. Approval in Spain is currently expected for Q4 2017.

On December 14, 2016, we, together with our partner RedHill Biopharma, announced the signing of an exclusive license agreement with Pharmatronic Co. for the commercialization of RIZAPORT® in the Republic of Korea (South Korea). Under the terms of the agreement, RedHill granted Pharmatronic Co. the exclusive rights to register and commercialize RIZAPORT® in South Korea. IntelGenx and RedHill have received an upfront payment and will be eligible to receive additional milestone payments upon achievement of certain predefined regulatory and commercial targets, as well as tiered royalties. IntelGenx will supply the commercial product to Pharmatronic. The initial term of the definitive agreement with Pharmatronic Co. is for ten years from the date of first commercial sale and shall automatically renew for an additional two-year term. Commercial launch in South Korea is estimated to take place in the first quarter of 2019.

**Erectile Dysfunction VersaFilm™**

On November 21, 2016, we announced the signing of a binding term sheet for a non-exclusive license to Eli Lilly and Company’s tadalafil dosing patent, United States Patent No. 6,943,166 (the ‘166 dosing patent). Any exclusivity associated with the tadalafil compound patent is not affected by this agreement. Subsequently, an agreement was reached with Lilly to render the license exclusive.

Subject to FDA approval, this license allows us to commercialize a Tadalafil ED VersaFilm™ product in the U.S. prior to the expiration of the ‘166 dosing patent. This license terminates all our current tadalafil-related litigation activities.

**Opioid dependence VersaFilm™**

On July 11, 2016, we announced the receipt of the notice of appeal for the buprenorphine/naloxone sublingual film product for the treatment of opiate addiction by Par Pharmaceutical, Inc. (Par) and the Corporation to the United States Court of Appeals for the Federal Circuit from the final judgment issued by the U.S. District Court for the District of Delaware on June 27, 2016.

The ruling in the U.S. District Court of Delaware in the ANDA litigation of Par and the Corporation against Indivior PLC and Monosol Rx, LLC resulted in Par and the Corporation prevailing on the non-infringement of the U.S. Patent No. 8,017,150, which is set to expire in 2023, and on the invalidity (all claims) and non-infringement (certain claims) of the U.S. Patent No. 8,475,832, which is set to expire in 2030. The Court also ruled that Par’s ANDA product would infringe the asserted claims of U.S. Patent No. 8,603,514, one of the Orange Book listed patents for Suboxone Film, and that the asserted claims of U.S. Patent No. 8,603,514 were not shown to be invalid.
Undisclosed projects

On September 12, 2016, we announced that we had entered into a licensing, development and supply agreement with Chemo Group (Chemo) granting Chemo the exclusive license to commercialize two generic products for the USA market and one product on a worldwide basis. Under the terms of the agreement, Chemo has obtained certain exclusive rights to market and sell our products in exchange for upfront and milestone payments, together with a share of the profits of U.S. development costs of the product and future milestone payments. Chemo and IntelGenx will also share the profits of commercialization. The definitive agreement was signed on December 30, 2016.

On December 27, 2016, we announced that we have entered into a co-development and commercialization agreement with Endo Ventures Ltd. for this product utilizing our proprietary VersaFilm™ for the U.S. market. Under the agreement, Endo has obtained certain exclusive rights to market and sell our product in the U.S. We received an upfront payment and will receive future milestone payments. Endo and IntelGenx will share the profits of commercialization.

Corporate

New Manufacturing Facility with increased R&D and Administration space

On April 24, 2015, we entered into an agreement to lease approximately 17,000 square feet in a property located at 6420 Abrams, St-Laurent, Quebec (the “Lease”). The Lease has a 10 year and 6-month term which commenced on September 1, 2015 and we have retained two options to extend the Lease, with each option being for an additional five years. Under the terms of the Lease we are paying base rent of approximately CA$110 thousand (approximately $84 thousand) per year, which will increase at a rate of CA$0.25 ($0.19) per square foot per year, every two years.

On December 1st, 2016, we announced that we had strengthened our relationship with Chemo Group by signing a term sheet for the co-development and commercialization of a generic tablet in the area of CNS (central nervous system) on a worldwide basis. According to Global Data, worldwide sales in 2015 of the CNS related product exceeded $4 billion. As per the agreement we received an upfront payment and will be entitled to receive development costs of the product and future milestone payments. Chemo and IntelGenx will also share the profits of commercialization. The definitive agreement was signed on December 30, 2016.

We also finalised negotiations on April 29, 2015 for an agreement for the construction of manufacturing facilities, laboratories, and offices within the property located at 6420 Abrams, St-Laurent, Quebec, at an aggregate cost of CA$2.9 million (approximately $2.2 million). The construction agreement was awarded to BTL Construction Inc. (“BTL”) in Quebec following a tender process that was completed in December 2014. BTL specializes in the construction and renovation of facilities for the pharmaceutical industry, and has completed projects for various major pharmaceutical companies. We funded this project from cash on hand as well as a CA$1 million loan from IQ.

Construction was successfully completed in Q1, 2016. As of December 31, 2016, we had received CA$4 million in cash as part of a credit facility (approximately $3.2 million) negotiated with the Bank. The credit facility is supported by a 50% guarantee under the Export Guarantee Program from Export Development Canada, Canada’s export credit agency.

All amounts are expressed in thousands of U.S. dollars unless otherwise stated.

Currency rate fluctuations

Our operating currency is Canadian dollars, while our reporting currency is U.S. dollars. Accordingly, our results of operations and balance sheet position have been affected by currency rate fluctuations. In summary, our financial statements for the fiscal year ended December 31, 2016 report an accumulated other comprehensive loss due to foreign currency translation adjustments of $1,019 due to the fluctuations in the rates used to prepare our financial statements, $293 of which negatively impacted our comprehensive income for the fiscal year ended December 31, 2016. The following Management Discussion and Analysis takes this into consideration whenever material.

Reconciliation of Comprehensive (Loss) Income to Adjusted Earnings before Interest, Taxes, Depreciation and Amortization (Adjusted EBITDA)

Adjusted EBITDA is a non-US GAAP financial measure. A reconciliation of the Adjusted EBITDA is presented in the table below. We use adjusted financial measures to assess its operating performance. Securities regulations require that companies caution readers that earnings and other measures adjusted to a basis other than US-GAAP do not have standardized meanings and are unlikely to be comparable to similar measures used by other companies. Accordingly, they should not be considered in isolation. We use Adjusted EBITDA to measure its performance from one period to the next without the variation caused by certain adjustments that could potentially distort the analysis of trends in our operating performance, and because we believe it provides us with meaningful information on our financial condition and operating results.
Inte...d its Adjusted EBITDA measurement by adding to comprehensive (loss) income, finance income and costs, depreciation and amortization, income taxes and foreign currency translation adjustment incurred during the period. IntelGenx also excludes the effects of certain non-monetary transactions recorded, such as share-based compensation, for its Adjusted EBITDA calculation. We believe it is useful to exclude these items as they are either non-cash expenses, items that cannot be influenced by management in the short term, or items that do not impact core operating performance. Excluding these items does not imply they are necessarily nonrecurring. Share-based compensation costs are a component of employee and consultant’s remuneration and can vary significantly with changes in the market price of our shares. Foreign currency translation adjustments are a component of other comprehensive income and can vary significantly with currency fluctuations from one period to another. In addition, other items that do not impact core operating performance of the Corporation may vary significantly from one period to another. As such, Adjusted EBITDA provides improved continuity with respect to the comparison of the Corporation’s operating results over a period of time. Our method for calculating Adjusted EBITDA may differ from that used by other corporations.

Reconciliation of Non-U.S.-GAAP Financial Information

<table>
<thead>
<tr>
<th>In U.S.$ thousands</th>
<th>Three-month period ended December 31,</th>
<th>Twelve-month period ended December 31,</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>2016</td>
<td>2015</td>
</tr>
<tr>
<td>Comprehensive (loss) income</td>
<td>(22)</td>
<td>233</td>
</tr>
<tr>
<td>Add (deduct):</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Depreciation and amortization</td>
<td>150</td>
<td>123</td>
</tr>
<tr>
<td>Finance costs</td>
<td>57</td>
<td>22</td>
</tr>
<tr>
<td>Finance income</td>
<td>(2)</td>
<td>(8)</td>
</tr>
<tr>
<td>Share-based compensation</td>
<td>54</td>
<td>25</td>
</tr>
<tr>
<td>Foreign currency translation adjustment</td>
<td>398</td>
<td>34</td>
</tr>
<tr>
<td>Adjusted EBITDA</td>
<td>635</td>
<td>429</td>
</tr>
</tbody>
</table>

Adjusted Earnings before Interest, Taxes, Depreciation and Amortization (Adjusted EBITDA)

Adjusted EBITDA increased by $206 for the three-month period ended December 31, 2016 to $635 compared to $429 for the three-month period ended December 31, 2015. Adjusted EBITDA decreased by $1,962 for the twelve-month period ended December 31, 2016 to negative $275 compared to $1,687 for the twelve-month period ended December 31, 2015. The increase in Adjusted EBITDA of $206 for the three-month period ended December 31, 2016 is mainly attributable to an increase in revenues of $409 partially offset by an increase in R&D expenses of $77 and an increase in SG&A expenses of $176. The decrease in Adjusted EBITDA of $1,962 for the twelve-month period ended December 31, 2016 is mainly attributable to an increase in R&D expenses of $733 and an increase in SG&A expenses of $1,533 partially offset by an increase in revenues of $125.

Results of operations for the three month and twelve month periods ended December 31, 2016 compared with the three month and twelve month periods ended December 31, 2015.

<table>
<thead>
<tr>
<th>In U.S.$ thousands</th>
<th>Three-month period ended December 31,</th>
<th>Twelve-month period ended December 31,</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>2016</td>
<td>2015</td>
</tr>
<tr>
<td>Revenue</td>
<td>$1,911</td>
<td>$1,502</td>
</tr>
<tr>
<td>Cost of Royalty and License Revenue</td>
<td>91</td>
<td>141</td>
</tr>
<tr>
<td>Research and Development Expenses</td>
<td>471</td>
<td>390</td>
</tr>
<tr>
<td>Selling, General and Administrative Expenses</td>
<td>768</td>
<td>567</td>
</tr>
<tr>
<td>Depreciation of tangible assets</td>
<td>150</td>
<td>106</td>
</tr>
<tr>
<td>Amortization of intangible assets</td>
<td>-</td>
<td>17</td>
</tr>
<tr>
<td>Operating Income (Loss)</td>
<td>431</td>
<td>281</td>
</tr>
<tr>
<td>Net Income (Loss)</td>
<td>376</td>
<td>267</td>
</tr>
<tr>
<td>Comprehensive Income (Loss)</td>
<td>(22)</td>
<td>233</td>
</tr>
</tbody>
</table>
Revenue

Total revenues for the three-month period ended December 31, 2016 amounted to $1,911, representing an increase of $409 or 27% compared to $1,502 for the three-month period ended December 31, 2015. Total revenues for the twelve-month period ended December 31, 2016 amounted to $5,220 representing an increase of $125 or 2% compared to $5,095 for the twelve-month period ended December 31, 2015. The increase for the three-month period ended December 31, 2016 compared to the last year’s corresponding period is mainly attributable to upfront payments received in Q4 2016. The increase for the twelve-month period ended December 31, 2016 compared to the last year’s corresponding period is also mainly attributable to upfront payments received during 2016. The main differences between the three-month and twelve-month periods of 2016 vs 2015 is mainly the source of revenues that went from royalties and milestones in 2015 to deferred revenues from monetization of Forfivo and upfront payments from multiple agreements signed in 2016.

Cost of royalty and license revenue

We recorded $91 for the cost of royalty and license revenue in the three-month period ended December 31, 2016 compared with $141 in the same period of 2015. We recorded $319 for the cost of royalty and license revenue in the twelve-month period ended December 31, 2016 compared with $433 in the same period of 2015. These expenses relate to a Project Transfer Agreement that was executed in May 2010 with one of our former development partners whereby we acquired full rights to, and ownership of, Forfivo XL®, our novel, high strength formulation of Bupropion hydrochloride, the active ingredient in Wellbutrin XL®. Pursuant to the Project Transfer Agreement, and following commercial launch of Forfivo XL® in October 2012, we are required, after recovering an aggregate $200 for management fees previously paid, to pay our former development partner 10% of net product sales received from the sale of Forfivo XL®. We recovered the final portion of the management fees in December 2014, thereby invoking payments to our former development partner.

Research and development (“R&D”) expenses

R&D expenses for the three-month period ended December 31, 2016 amounted to $471, representing an increase of $81 or 21%, compared to $390 for the three-month period ended December 31, 2015. R&D expenses for the twelve-month period ended December 31, 2016 amounted to $1,766, representing an increase of $733 or 71%, compared to $1,033 recorded in the same period of 2015.

The increase in R&D expenses for the three-month period ended December 31, 2016 is mainly attributable to an increase in R&D salaries of $96 and laboratory supplies of $79 partially offset by a decrease in patent expenses of $59. The increase in R&D expenses for the twelve-month period ended December 31, 2016 is mainly attributable to an increase in patent expenses of $290, an increase in R&D salaries of $206 for new hires, laboratory supplies of $99, analytical costs of $78 as well as an increase in study costs of $48.
In the twelve-month period ended December 31, 2016 we recorded estimated Research and Development Tax Credits of $148, compared with $105 that was recorded in the same period of the previous year.

**Selling, general and administrative (“SG&A”) expenses**

SG&A expenses for the three-month period ended December 31, 2016 amounted to $768, representing an increase of $201 or 35%, compared to $567 for the three-month period ended December 31, 2015. SG&A expenses for the twelve-month period ended December 31, 2016 amounted to $3,605, representing an increase of $1,533 or 74%, compared to $2,072 recorded in the same period of 2015.

The increase in SG&A expenses for the three-month period ended December 31, 2016 is mainly attributable to an increase in administration salaries of $119 as well as an increase in business development salaries of $49. The increase in SG&A expenses for the twelve-month period ended December 31, 2016 is mainly attributable to an increase in administration salaries of $585, business development salaries of $205 and business development expenses of $188 as well as an increase in professional fees of $163, rent and utilities of $115 and finally an increase in office and general expenses of $95.

**Depreciation of tangible assets**

In the three-month period ended December 31, 2016 we recorded an expense of $150 for the depreciation of tangible assets, compared with an expense of $106 thousand for the same period of the previous year. In the twelve-month period ended December 31, 2016 we recorded an expense of $511 for the depreciation of tangible assets, compared with an expense of $125 for the same period of the previous year.

**Share-based compensation expense, warrants and stock based payments**

Share-based compensation warrants and share-based payments expense for the three-month period ended December 31, 2016 amounted to $54 compared to $25 for the three-month period ended December 31, 2015. Share-based compensation warrants and share-based payments expense for the twelve-month period ended December 31, 2016 amounted to $195 compared to $130 for the twelve-month period ended December 31, 2015.

We expensed approximately $141 in the twelve-month period ended December 31, 2016 for options granted to our employees in 2014, 2015 and 2016 under the 2006 and 2016 Stock Option Plans, and approximately $52 for options granted to non-employee directors in 2014, 2015 and 2016, compared with $60 and $70 respectively that was expensed in the same period of the previous year.

There remains approximately $320 in stock based compensation to be expensed in fiscal 2016 and 2017, $309 of which relates to the issuance of options to our employees and directors during 2014 to 2016 and $11 relates to the issuance of options to a consultant. We anticipate the issuance of additional options and warrants in the future, which will continue to result in stock-based compensation expense.

**Key items from the balance sheet**

<table>
<thead>
<tr>
<th>In U.S.$ thousands</th>
<th>December 31, 2016</th>
<th>December 31, 2015</th>
<th>Increase/ (Decrease)</th>
<th>Percentage Increase/ (Decrease)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Current Assets</td>
<td>$6,352</td>
<td>$4,172</td>
<td>$2,180</td>
<td>52%</td>
</tr>
<tr>
<td>Leasehold improvements and Equipment</td>
<td>5,730</td>
<td>4,238</td>
<td>1,492</td>
<td>35%</td>
</tr>
<tr>
<td>Security Deposits</td>
<td>708</td>
<td>506</td>
<td>202</td>
<td>40%</td>
</tr>
<tr>
<td>Current Liabilities</td>
<td>5,235</td>
<td>1,779</td>
<td>3,456</td>
<td>194%</td>
</tr>
<tr>
<td>Deferred lease obligations</td>
<td>45</td>
<td>27</td>
<td>18</td>
<td>67%</td>
</tr>
<tr>
<td>Long-term debt</td>
<td>2,565</td>
<td>1,546</td>
<td>1,019</td>
<td>66%</td>
</tr>
<tr>
<td>Capital Stock</td>
<td>1</td>
<td>1</td>
<td>0</td>
<td>0%</td>
</tr>
<tr>
<td>Additional Paid-in-Capital</td>
<td>23,700</td>
<td>22,846</td>
<td>854</td>
<td>4%</td>
</tr>
</tbody>
</table>

48
Current assets

Current assets totaled $6,352 at December 31, 2016 compared with $4,172 at December 31, 2015. The increase of $2,180 is mainly attributable to an increase in short term financial investments of $3,884 as well as an increase in prepaid expenses of $496 partially offset by a decrease in cash and cash equivalents of $2,253.

Cash and cash equivalents

Cash and cash equivalents totaled $612 as at December 31, 2016 representing a decrease of $2,253 compared with the balance of $2,865 as at December 31, 2015. The decrease in cash on hand relates to net cash used in investing activities of ($5,910) as well an unrealized foreign exchange loss of $4, partially offset by net cash provided by operating activities of $1,729 as well as net cash provided by financing activities of $1,924.

The cash provided by financing activities derives from a loan negotiated with the Lender secured by a first ranking movable hypothec on all of our present and future movable property and a 50% guarantee by Export Development Canada, a Canadian Crown corporation export credit agency.

Accounts receivable

Accounts receivable totaled $1,044 as at December 31, 2016 representing a decrease of $96 compared with the balance of $1,140 as at December 31, 2015. The main component of this year’s accounts receivable is composed of upfront payments on agreements signed in Q4 2016 received in Q1 2017.

Prepaid expenses

As at December 31, 2016 prepaid expenses totaled $566 compared with $70 as of December 31, 2015. The increase in prepaid expenses is mainly attributable to the 10% prepayment to Cary Pharmaceuticals following the monetization of Forfivo to SWK Holding.

Investment tax credits receivable

R&D investment tax credits receivable totaled approximately $246 as at December 31, 2016 compared with $97 as at December 31, 2015. The increase relates to the accrual estimated and recorded for the twelve-month period ended December 31, 2016.

Leasehold improvements and equipment

As at December 31, 2016, the net book value of leasehold improvements and equipment amounted to $5,730, compared to $4,238 at December 31, 2015. In the twelve-month period ended December 31, 2016 additions to assets totaled $2,326 and mainly comprised of $1,651 for manufacturing and packaging equipment for our new, state-of-the-art, VersaFilm™ manufacturing facility, and $483 for leasehold improvements related to our new manufacturing facility at 6420 Abrams, St-Laurent, Quebec, Canada, $176 for laboratory and office equipment and $16 for computer equipment.

Security deposit

A security deposit in the amount of CA$300 ($223) in respect of an agreement to lease approximately 17,000 square feet in a property located at 6420 Abrams, St-Laurent, Quebec, Canada was recorded as at December 31, 2016 and 2015. Security deposits in the amount of CA$650 ($484) and CA$400 ($289) for the term loans were also recorded as at December 31, 2016 and 2015, respectively.

Accounts payable and accrued liabilities

Accounts payable and accrued liabilities totaled $897 as at December 31, 2016 (December 31, 2015 - $1,595) and is mainly attributable to accounts payable and accrued payroll.
Long-term debt

Long-term debt totaled $3,269 as at December 31, 2016 (December 31, 2015 - $1,730). An amount of $2,636 is attributable to term loan from the lender secured by a first ranking movable hypothec on all of our present and future movable property and a 50% guarantee by Export Development Canada, a Canadian Crown corporation export credit agency.

An amount of $633 is attributable to a second loan secured by a second ranking on all of our present and future property reimbursable in monthly principal payments starting January 2017 to March 2021.

Shareholders’ equity

As at December 31, 2016 we had accumulated a deficit of $17,737 compared with an accumulated deficit of $16,557 as at December 31, 2015. Total assets amounted to $12,790 and shareholders’ equity totaled $4,945 as at December 31, 2016, compared with total assets and shareholders’ equity of $8,916 and $5,564 respectively, as at December 31, 2015.

Capital stock

As at December 31, 2016 capital stock amounted to $0.648 (December 31, 2015: $0.636) . Capital stock is disclosed at its par value with the excess of proceeds shown in Additional Paid-in-Capital.

Additional paid-in-capital

Additional paid-in capital totaled $23,700 as at December 31, 2016, as compared to $22,846 at December 31, 2015. Additional paid in capital increased by $596 for warrants exercised, increased by $63 for options exercised, and increased by $195 for stock based compensation attributable to the expensing of stock options granted to employees and directors.

Taxation

As at December 31, 2016, the date of our latest annual tax return, we had Canadian and provincial net operating losses of approximately $7,585 (December 31, 2015: $6,462) and $7,763 (December 31, 2015: $6,725) respectively, which may be applied against earnings of future years. Utilization of the net operating losses is subject to significant limitations imposed by the change in control provisions. Canadian and provincial losses will be expiring between 2027 and 2036. A portion of the net operating losses may expire before they can be utilized.

As at December 31, 2016, we had non-refundable tax credits of $1,190 thousand (2015: $1,022 thousand) of which $8 thousand is expiring in 2026, $10 thousand is expiring in 2027, $168 thousand is expiring in 2028, $147 thousand is expiring in 2029, $126 thousand is expiring in 2030, $133 thousand is expiring in 2031, $167 thousand is expiring in 2032 and $111 thousand is expiring in 2033, $84 thousand expiring in 2034 and $99 thousand is expiring in 2035 and $137 thousand expiring in 2036. We also had undeducted research and development expenses of $5,438 thousand (2015: $4,563 thousand) with no expiration date.

The deferred tax benefit of these items was not recognized in the accounts as it has been fully provided for.

Key items from the statement of cash flows

<table>
<thead>
<tr>
<th>In U.S. thousands</th>
<th>December 31, 2016</th>
<th>December 31, 2015</th>
<th>Increase/ (Decrease)</th>
<th>Percentage Increase/ (Decrease)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Operating Activities</td>
<td>$1,729</td>
<td>$546</td>
<td>$1,183</td>
<td>217%</td>
</tr>
<tr>
<td>Financing Activities</td>
<td>1,924</td>
<td>1,792</td>
<td>132</td>
<td>7%</td>
</tr>
<tr>
<td>Investing Activities</td>
<td>(5,910)</td>
<td>(3,380)</td>
<td>(2,530)</td>
<td>75%</td>
</tr>
<tr>
<td>Cash and cash equivalents – end of period</td>
<td>612</td>
<td>2,865</td>
<td>(2,253)</td>
<td>(79%)</td>
</tr>
</tbody>
</table>
Statement of cash flows

Net cash provided by operating activities was $1,729 for the twelve-month period ended December 31, 2016, compared to $546 for the twelve-month period ended December 31, 2015. For the twelve-month period ended December 31, 2016, net cash used by operating activities consisted of a net loss of $(1,180) (2015: $(1,291)) and an increase in non-cash operating elements of working capital of $2,203 compared with decrease of $(1,046) for the twelve-month period ended December 31, 2015.

The net cash provided by financing activities was $1,924 for the twelve-month period ended December 31, 2016, compared to $1,792 provided in the same period of the previous year. An amount of $1,940 derives from several disbursements of a term loan negotiated with the partially offset by loan repayment of $(675). Finally, proceeds from exercise of warrants and options generated an inflow of $659.

Net cash used in investing activities amounted to $(5,910) for the twelve-month period ended December 31, 2016 compared to $(3,380) in same period of 2015. The net cash used in investing activities for the twelve-month period ended December 31, 2016 relates to the purchase fixed assets for $(2,326) as well as net acquisitions of short-term investments of $(3,584).

The balance of cash and cash equivalents as at December 31, 2016 amounted to $612, compared to $2,865 at December 31, 2015.

Commitments

On April 24, 2015 we entered into an agreement to lease approximately 17,000 square feet in a property located at 6420 Abrams, St-Laurent, Quebec. The Lease has a 10 year and 6-month term commencing September 1, 2015. IntelGenx has retained two options to extend the with each option being for an additional five years. Under the terms of the lease IntelGenx is required to pay base rent of approximately CA$110 thousand (approximately $82 thousand) per year, which will increase at a rate of CA$0.25 ($0.19) per square foot / year every years.

The aggregate minimum rentals, exclusive of other occupancy charges, for property leases expiring in 2026, are approximately $824 thousand, as follows:

<table>
<thead>
<tr>
<th>Year</th>
<th>$</th>
</tr>
</thead>
<tbody>
<tr>
<td>2017</td>
<td>83</td>
</tr>
<tr>
<td>2018</td>
<td>85</td>
</tr>
<tr>
<td>2019</td>
<td>87</td>
</tr>
<tr>
<td>2020</td>
<td>89</td>
</tr>
<tr>
<td>2021</td>
<td>90</td>
</tr>
<tr>
<td>Thereafter</td>
<td>390</td>
</tr>
</tbody>
</table>

Subsequent events

Subsequent to the end of the year, on March 6, 2017 IntelGenx executed an agreement to lease approximately an additional 11,000 square feet in a property located at 6410 Abrams, St-Laurent, Quebec (the “Lease”). The lease has an 8 year and 5-month term commencing on October 1, 2017 and IntelGenx has retained two options to extend the Lease, with each option being for an additional five years. Under the terms of the Lease IntelGenx will be required to pay base rent of approximately CA$74 thousand (approximately $55 thousand) per year, which will increase at a rate of CA$0.25 ($0.19) per square foot every two years. IntelGenx plans to use the newly leased space to expand its manufacture of oral film VersaFilm™.

Off-Balance Sheet Arrangements

We have no off-balance sheet arrangements as contemplated by Item 303 (A)(4)(ii) of Regulation S-K under the Securities Act.
MARKET INFORMATION

Our common stock was quoted on the OTC Bulletin Board under the symbol “IGXT” from January 2007 until June 2012 and, subsequent to our upgrade in June 2012, has been quoted on the OTCQX. Our common stock has also been listed on the TSXV under the symbol “IGX” since May 2008. The table below sets forth the high and low bid prices of our common stock as reported by the OTCQX and the TSX for the periods indicated. These prices represent inter-dealer quotations without retail markup, markdown, or commission and may not necessarily represent actual transactions.

<table>
<thead>
<tr>
<th>Year</th>
<th>Period</th>
<th>OTCQX High (U.S.$)</th>
<th>OTCQX Low (U.S.$)</th>
<th>TSXV High (CA$)</th>
<th>TSXV Low (CA$)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2017</td>
<td>First Quarter</td>
<td>$0.89</td>
<td>$0.68</td>
<td>$1.20</td>
<td>$0.90</td>
</tr>
<tr>
<td>2016</td>
<td>Fourth Quarter</td>
<td>$0.81</td>
<td>$0.55</td>
<td>$1.09</td>
<td>$0.76</td>
</tr>
<tr>
<td></td>
<td>Third Quarter</td>
<td>$1.00</td>
<td>$0.45</td>
<td>$1.35</td>
<td>$0.61</td>
</tr>
<tr>
<td></td>
<td>Second Quarter</td>
<td>$0.59</td>
<td>$0.49</td>
<td>$0.75</td>
<td>$0.65</td>
</tr>
<tr>
<td></td>
<td>First Quarter</td>
<td>$0.63</td>
<td>$0.37</td>
<td>$0.85</td>
<td>$0.55</td>
</tr>
<tr>
<td>2015</td>
<td>Fourth Quarter</td>
<td>$0.58</td>
<td>$0.46</td>
<td>$0.76</td>
<td>$0.59</td>
</tr>
<tr>
<td></td>
<td>Third Quarter</td>
<td>$0.60</td>
<td>$0.40</td>
<td>$0.81</td>
<td>$0.66</td>
</tr>
<tr>
<td></td>
<td>Second Quarter</td>
<td>$0.73</td>
<td>$0.56</td>
<td>$0.98</td>
<td>$0.63</td>
</tr>
<tr>
<td></td>
<td>First Quarter</td>
<td>$0.90</td>
<td>$0.52</td>
<td>$1.10</td>
<td>$0.61</td>
</tr>
</tbody>
</table>

Number of Shareholders

On June 28, 2017 there were approximately 46 holders of record of our common stock, one of which was Cede & Co., a nominee for Depository Trust Company, and one of which was The Canadian Depository for Securities Limited, or CDS. All of our common shares held by brokerage firms, banks and other financial institutions in the United States and Canada as nominees for beneficial owners are considered to be held of record by Cede & Co. in respect of brokerage firms, banks and other financial institutions in the United States, and by CDS in respect of brokerage firms, banks and other financial institutions located in Canada. Cede & Co. and CDS are each considered to be one shareholder of record.

Dividend Policy

We have never declared or paid any cash dividends on our common stock. We currently intend to retain any earnings to support operations and to finance the growth and development of our business. Therefore, we do not expect to pay cash dividends in the foreseeable future. Any future determination relating to our dividend policy will be made at the discretion of our Board of Directors and will depend on a number of factors, including future earnings, capital requirements, financial conditions and future prospect and other factors that the board of directors may deem relevant.
### Equity Compensation Plan Information as of December 31, 2016

<table>
<thead>
<tr>
<th></th>
<th>Number of Securities to be issued upon exercise of outstanding options, warrants and rights (a)</th>
<th>Weighted-average exercise price of outstanding options, warrants and rights (b)</th>
<th>Number of securities remaining available for future issuance under equity compensation plans (excluding securities reflected in column (a)) (c)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Equity Compensation Plans Approved by Security Holders</td>
<td>1,785,000 (1)</td>
<td>$0.54</td>
<td>0 (2)</td>
</tr>
<tr>
<td>Equity Compensation Plans Not Approved by Security Holders</td>
<td>1,175,000 (2)</td>
<td>$0.78</td>
<td>1,938,954 (3)</td>
</tr>
<tr>
<td>Total</td>
<td>2,960,000</td>
<td>$0.63</td>
<td>1,938,954</td>
</tr>
</tbody>
</table>

(1) Includes shares of our common stock issuable pursuant to options granted under the 2006 Stock Option Plan.

(2) On May 9, 2016, our Board adopted the 2016 Stock Option Plan which amended and restated the 2006 Stock Option Plan, which expired in August 2016. As a result of the adoption of the 2016 Stock Option Plan, no additional options will be granted under the 2006 Stock Option Plan and all previously granted options will be governed by the 2016 Stock Option Plan. Due to the nature of the changes made to the 2006 Stock Option Plan it was determined that no stockholder approvals were required by the TSXV.

(3) Represents the maximum number of shares of our common stock available for grants under our 2016 Stock Option Plan as of December 31, 2016.

### 2016 Stock Option Plan

The 2016 Stock Option Plan was adopted by our Board in order to make the terms of our stock option plan more consistent with the requirements of the TSXV and to remove certain provisions which would have enabled us to grant incentive stock options in compliance with Section 422 of the Internal Revenue Code. The 2016 Stock Option Plan permits the granting of options to our officers, employees, directors and eligible consultants. A total of 6,361,525 shares of common stock were reserved for issuance under this plan, which includes stock options granted under the previous 2006 Stock Option Plan. Options may be granted under the 2016 Stock Option Plan on terms and at prices as determined by the Board except that the options cannot be granted at less than the market closing price of the common stock on the TSXV on the date prior to the grant. Each option will be exercisable after the period or periods specified in the option agreement, but no option may be exercised after the expiration of 10 years from the date of grant. The 2016 Stock Option Plan provides the Board with more flexibility when setting the vesting schedule for options which was otherwise fixed in the 2006 Stock Option Plan.

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The following table sets forth certain information as of June 28, 2017 concerning our directors and officers. The biographies of each of the director nominees below contain information regarding the individual’s service as a director, business experience, director positions held currently or at any time during the last five years, information regarding involvement in certain legal or administrative proceedings, if applicable, and the experiences, qualifications, attributes or skills that caused the Board of Directors to determine that the person should serve as a director for the Corporation.

<table>
<thead>
<tr>
<th>Name</th>
<th>Age</th>
<th>Position</th>
<th>Position since</th>
</tr>
</thead>
<tbody>
<tr>
<td>Horst G. Zerbe (5)</td>
<td>70</td>
<td>President and Chief Executive Officer,</td>
<td>April 2006 (except January to July</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Chairman of the Board</td>
<td>2014) April 2006</td>
</tr>
<tr>
<td>Andre Godin</td>
<td>54</td>
<td>Executive Vice President and Chief Financial Officer</td>
<td>August 2015</td>
</tr>
<tr>
<td>John Durham (4)</td>
<td>62</td>
<td>Vice President, Manufacturing Operations</td>
<td>January 2015</td>
</tr>
<tr>
<td>Nadine Paiement (4)</td>
<td>40</td>
<td>Vice President, Research and Development</td>
<td>January 2015 June 2005</td>
</tr>
<tr>
<td>Dana Matzen (4)</td>
<td>39</td>
<td>Vice President, Business and Corporate</td>
<td>March 2016</td>
</tr>
<tr>
<td>J. Bernard Boudreau (2) (3) (1)</td>
<td>72</td>
<td>Vice Chairman of the Board</td>
<td>March 2014</td>
</tr>
<tr>
<td>Ian (John) Troup (2) (1)</td>
<td>74</td>
<td>Director</td>
<td>May 2008</td>
</tr>
<tr>
<td>Bernd J. Melchers (1)</td>
<td>65</td>
<td>Director</td>
<td>April 2009</td>
</tr>
<tr>
<td>John Marinucci (1) (2)</td>
<td>60</td>
<td>Director</td>
<td>August 2010</td>
</tr>
<tr>
<td>Clemens Mayr (2) (3)</td>
<td>48</td>
<td>Director</td>
<td>August 2015</td>
</tr>
<tr>
<td>Mark Nawacki (5)</td>
<td>48</td>
<td>Director</td>
<td>August 2016</td>
</tr>
<tr>
<td>Ingrid Zerbe (5)</td>
<td>62</td>
<td>Corporate Secretary</td>
<td>April 2006</td>
</tr>
</tbody>
</table>

(1) Audit Committee member  
(2) Compensation Committee member  
(3) Corporate Governance and Nomination Committee  
(4) VP of Canadian subsidiary IntelGenx Corp.  
(5) Director of Canadian subsidiary IntelGenx Corp.

All directors hold office until the next annual meeting of shareholders and until their successors have been duly elected and qualified. There are no agreements with respect to the election of directors. Officers are appointed annually by the Board and each executive officer serves at the discretion of the board.

**Horst G. Zerbe, Ph.D.**

Dr. Zerbe (70) is the founder of IntelGenx Corp. and has been the President, Chief Executive Officer, and Chairman of IntelGenx Technologies Corp. since April 2006. In addition, Dr. Zerbe has served as the President, Chief Executive Officer and Director of IntelGenx Corp., our Canadian Subsidiary, since 2005. Dr. Zerbe retired from his positions as President and Chief Executive Officer on January 1, 2014, and at the request of the Board was reappointed as President and CEO effective July 15, 2014.

Dr. Zerbe has more than 35 years of experience in the pharmaceutical industry. He started his career at Schwarz Pharma and subsequently at 3M Pharmaceuticals in Germany. From 1998 to 2005, he served as the President of Smartrix Technologies Inc. in Montreal; prior thereto, from 1994 to 1998, he served as Vice President of R&D and Technology Transfer at LTS Lohmann Therapy Systems in West Caldwell, NJ. During his assignments at 3M and LTS, he gained considerable experience in the technology transfer and commercial manufacturing of transdermal as well as oral film products. Dr. Zerbe has extensive executive level experience, and has been responsible for many strategic and business initiatives. Dr. Zerbe has been involved in new drug development and the acquisition and disposition of new drug candidates and other technology, licensing and distribution matters that are likely to affect our company’s own business efforts. He has published numerous scientific papers in recognized journals and holds over 30 patents. Dr. Zerbe is married to Ingrid Zerbe, our Corporate Secretary.
Andre Godin, CPA, CA.

Mr. Godin (54) has been our Executive Vice President and Chief Financial Officer since August 2015. Mr. Godin has more than 25 years’ experience in the Biotech/Pharma industry. Most recently, from April 2014 to April 2015, he served as Interim CEO and CFO of Neptune Technologies and Bioresources Inc. and both of its subsidiaries Acasis and NeuroBioPharm. He started with Neptune in April of 2003 as Vice President, Administration and Finance and was named its CFO in 2008. Prior to joining Neptune, Mr. Godin was President of a dietary supplement corporation and a corporate controller for a pharmaceutical corporation in OTC products. Mr. Godin holds a Bachelor of Business Administration degree from the University of Quebec in Montreal.

John Durham B.Sc.

Mr. Durham (62) has been Vice President, Manufacturing Operations of IntelGenx Corp. since January 2015. Prior to his appointment, from September 2013, he was engaged at IntelGenx as a consultant where he was primarily involved in the planning and design of the upgrade and expansion of R&D capacity and the construction of manufacturing capability. Mr. Durham’s consulting engagement was based on an agreement between IntelGenx and Borealis Consulting Inc, a Consulting Company founded by Mr. Durham in 2007.

Mr. Durham held executive leadership positions with several multinational and domestic pharmaceutical manufacturing operations. He has an extensive background in pharmaceutical operations and quality management, together with a strong record of achievement in a regulated business environment. From November 2011 to September 2013 Mr. Durham was Chief Operating Officer with Pharmetics, a leading private label manufacturer in Montreal. From May 2009, to July 2011, he was Vice President, Technical Operations with Labopharm, a pharmaceutical company in Montreal. From September 2007, to April 2009, Mr. Durham was Vice President, Business Development with PharmEng, a Canadian contract manufacturing company. From May 2003, to July 2007, he was President of Draxis Pharma, a leading contract manufacturing company in Canada, and a division of Draxis Health, which was trading on the TSX. He was also Vice President and General Manager, from March 1997 until April 2003, with Banner Pharmacaps Canada, a contract manufacturer of soft gelatine capsules. In addition, Mr. Durham also held positions in operations management with Novartis from 1994 to 1997 and in quality and operations management with Johnson and Johnson from 1983 to 1994.

Nadine Paiement, M.Sc

Ms. Paiement (40) is Vice President, Research and Development at IntelGenx Corp. since January 2016. Nadine Paiement has over 10 years of experience in pharmaceutical research and development. She has been with IntelGenx since June of 2005, where she grew into different positions including her most recent position as Senior Director, Research and Development. Prior to joining IntelGenx, from 1999 to 2005 Ms. Paiement worked as Formulation Scientist for Smartrix Technologies.

Nadine Paiement holds a M.Sc. degree in Polymer Chemistry from Sherbrooke University, Montreal, Quebec and is co-inventor of IntelGenx's Tri-Layer technology.

Dana Matzen, Ph.D.

Dr. Matzen (39) is Vice President, Business & Corporate Development at IntelGenx Corp. since March 2016. Most recently, from May 2010 to March 2016, Dr. Matzen was Director, Business Development at Paladin Labs, an Endo International company, based in Montreal, Canada. During her time at Paladin, Dr. Matzen was responsible for in-licensing business opportunities for Canada, Africa and Latin America. In addition, Dr. Matzen was in charge for overseeing strategic initiatives for Paladin’s international out-licensing business including alliance management of over 15 existing partners worldwide. More recently, Dr. Matzen joined the Marketing Team and led the successful launch of Iclusig in Canada.

Prior to joining Paladin, from September 2008 to May 2010, Dr. Matzen was Life Science Specialist at L.E.K. Consulting in London, UK and Los Angeles, U.S. From October 2006 to August 2008, Dr. Matzen was a Postdoctoral Scholar at UCSF focusing on cellular and molecular pharmacology. Dr. Matzen has published several peer-reviewed articles that have been referenced in over 100 publications and was awarded with the Genentech Foundation Postdoctoral Fellowship for outstanding research.

Dr. Matzen holds a Ph. D in Microbiology and Genetics from the University of Vienna (Max F. Perutz Laboratories) and her Masters in Nutritional Economics from the University Kiel, Germany.
J. Bernard Boudreau, QC, PC

Mr. Boudreau (72) has been a director of IntelGenx Technologies Corp. since June 2006 and Vice-Chairman of the Board since March 4, 2014. From 2005 to 2008, Mr. Boudreau served as the Vice-President of Pharmeng International Inc., a pharmaceutical manufacturing and consulting company listed on the Toronto Stock Exchange. Since 2001, he has been President and CEO of Radcliffe Consulting and Investment Limited, a private consulting firm located in Halifax, N.S. From 2010 to 2013 he served on the board of directors at Pillar5 Pharma, a privately owned Canadian Company, which was also previously one of our manufacturing partners. Mr. Boudreau has also served on the Board of Directors of a number of public and private companies, including Export Development Canada and the Bank of Canada.

Mr. Boudreau has a distinguished record as a lawyer, businessman and public figure. His litigation experience includes successful appearances at every level of the judicial system in Nova Scotia. He was appointed as Queen's Counsel in 1985. Mr. Boudreau was first elected to the provincial legislature of Nova Scotia in 1988. He served as Chair of the Public Accounts Committee and opposition critic for Finance and Economic Development. In 1993, he was re-elected as a member of government and held responsibilities as Minister of Finance, Minister of Health, Chair of the Cabinet Priorities and Planning Committee. Mr. Boudreau served as Government Leader in the Senate of Canada and Member of the federal Cabinet between 1999 and 2001.

Ian (John) Troup, B.Sc.

Mr. Troup (74) has been a director of IntelGenx Technologies Corp. since May 2008. From April 2008 to February 2010, Mr. Troup was a Director of Vital Medix, an early stage drug development company. In July 2007, he was appointed to the Board of Medisyn Technologies Inc., a privately held "in silico" drug discovery and development company. From September 1995 until his retirement in December 2003, Mr. Troup was President and Chief Operating Officer of Upsher-Smith Laboratories, a privately held pharmaceutical company. Prior to this, he served as President of Schwarz Pharma in the UK for seven years, followed by serving as President of Schwarz Pharma USA in Minnesota for an additional nine years.

Born and educated in Scotland, Mr. Troup has worked in the pharmaceutical industry for over 35 years. Originally an industrial chemist, he held executive positions in sales and marketing for several leading companies. His experience includes new product development and launch, M&A and strategic planning.

Bernd J. Melchers, B.A.

Mr. Melchers (65) has been a director of IntelGenx Technologies Corp. since April 2009. From January 2001 until his retirement in December 2004, Mr. Melchers was Managing Director of 3M Dyneon Holding GmbH, Germany and Global Chief Financial Officer of the worldwide operating 3M Dyneon Group, a subsidiary of 3M Corporation headquartered in Minnesota. Prior to this he served, from July 1995 to December 2000, as the Controller at the European Business Center of 3M Medical Markets Europe in Belgium. Prior to this, he held various senior Financial Manager positions at the Medical-Surgical Division of 3M in St. Paul, Minnesota, at 3M Health Care Products, Germany, and at 3M Pharmaceutical Products, Germany.

John Marinucci, C.A., C.P.A., ICD.D, HRCCC

Mr. Marinucci (60) has been a Director of IntelGenx Technologies Corp. since August 2010. From April 2002 until March 2009, Mr. Marinucci was President and Chief Executive Officer at New Flyer Industries Inc. (NFI), a publicly traded company listed on the Toronto Stock Exchange. NFI is the largest North American manufacturer of heavy-duty transit buses. Mr. Marinucci retired from this position on March 31, 2009 and remains on the board of directors. Prior to this he was, from March 1994 to April 2002, President and Chief Operating Officer at National Steel Car Limited (NSC) and is a former President of the Canadian Association of Railway Suppliers. He is the past Chair of CWB group and of Mohawk College. Currently, Mr. Marinucci serves on the Board of Directors of New Flyer, Seaport Intermodal Inc. and the CWA Foundation and is also an active board member of Pillar5 Pharma, a privately owned Canadian Company and our previous manufacturing partner. Furthermore, he is the Founder, Chairman and Trustee of the Marinucci Family Foundation. Mr. Marinucci is a chartered accountant and a member of the Institute of Corporate Directors.

Clemens Mayr

Mr. Mayr (48) has been a Director of IntelGenx Technologies Corp. since August 2015.
Since 2006, Clemens Mayr is a partner of McCarthy Tétrault LLP, a leading Canadian law firm. Prior thereto, he was partner with Ogilvy Renault LLP from 1999 to 2006 and lawyer at this firm from 1997 to 1999. His practice focuses on M&A and capital markets, both domestic and cross-border. In the course of his practice he has advised corporations and boards in numerous industries, including in particular life-sciences and technology. He currently also serves on the Board of Directors of the Institute of Corporate Directors (Quebec Chapter).

Mr. Mayr was born in Innsbruck, Austria. He received his LLB from the Universite de Montreal in 1990 and was called to the Quebec bar in 1991.

Since February 2017, McCarthy Tétrault LLP has been acting as our Canadian legal counsel.

Mark Nawacki

Mr. Nawacki (48) has been a Director of IntelGenx Technologies Corp. since August 2016. Prior to his appointment, from February to July 2016, Mr. Nawacki was a member of the Scientific Advisory Board of IntelGenx Corp, which provides advice to the company’s management team. Since February 2015, Mark Nawacki is the President and CEO of Searchlight Pharma Inc., a Canadian-based private specialty pharmaceutical company focused on the acquisition and commercialization of innovative and unique healthcare and pharmaceutical products. Prior to joining Searchlight Pharma, from September 2003 to September 2014, Mr. Nawacki served as Executive Vice President, Business and Corporate Development of Paladin Labs, where he spent over 11 years building out Paladin’s commercial and geographic footprint. Over the course of his 11-year tenure at Paladin, Mr. Nawacki helped shape the therapeutic focus of Paladin’s Canadian business via licensing and acquisitions, and built Paladin’s international expansion and emerging markets strategy.

Mark holds a BA in International Relations and Russian and East European Studies from the University of Toronto (Trinity), MBA also from the University of Toronto, and is a Canadian-designated CPA. He is a past member of the Board of Trustees of the Licensing Executive Society (USA & Canada) and is a former President and Board Member of the Canadian Healthcare Licensing Association. He also currently serves on the Board of Kane Biotech Inc., a Canadian company publicly traded on the TSX-Venture, the Montreal Bach Festival and The Sacred Heart School of Montreal.

Ingrid Zerbe

Mrs. Zerbe (62) is our Corporate Secretary since 2006. Mrs. Zerbe is the founder of IntelGenx Corp., our Canadian Subsidiary. She served as the President of IntelGenx Corp. from its incorporation in June 2003 until December 2005. She has been a Director of the subsidiary since its incorporation in June 2003 and a Director of the parent company from April 2006 until August 2006. Mrs. Zerbe holds a bachelor degree in economics from a business school in Bottrop, Germany, and a bachelor degree in social sciences from the University of Dortmund, Germany.

Mrs. Zerbe is married to Dr. Horst G. Zerbe, who is our President, Chief Executive Officer and Chairman of the Board.

CORPORATE GOVERNANCE

Board Leadership Structure

Our Board is responsible for overseeing the business and affairs of the Corporation. Members of the Board are kept informed of our business through discussions with the Chief Executive Officer and other officers, by reviewing materials provided to them and by participating in regular quarterly and special meetings of the Board and its committees.


The Board is currently comprised of Dr. Horst G. Zerbe, who serves as our Chairman and six directors, four of which are independent. Dr. Zerbe is also our President and Chief Executive Officer. We believe, because of our size, that the Corporation, like many U.S. companies, is currently best served by having one person serve as both Chief Executive Officer and Chairman of the Board. The Board believes that through this leadership structure, Dr. Zerbe is able to draw on his intimate knowledge of the daily operations of the Corporation and its relationships with partners, customers and employees to provide the Board with leadership in setting its agenda and properly focusing its discussions. As the individual with primary responsibility for managing our day-to-day operations, Dr. Zerbe is also best-positioned to chair regular Board meetings and ensure that key business issues are brought to the Board’s attention. The combined role as Chairman and Chief Executive Officer also ensures that the Corporation presents its message and strategy to shareholders, partners, customers, employees and other stakeholders with a unified, single voice.
In 2014 the Board created the position of Vice Chairman, who serves as the independent Lead Director. The role of Lead Director is to facilitate the functioning of the Board, to help ensure that appropriate processes are followed, to assist in fostering and seeking input of independent directors, and to ensure independent director participation in all Board decisions.

The Lead Director ensures that the Board’s relationship with management functions effectively and furthers the best interest of the Corporation, including working with the committees appointed by the Board to ensure they have the proper structure and appropriate assignments. The Lead Director also regularly communicates with the Chairman and Chief Executive Officer so that he is aware of any concern of the independent directors and any concerns communicated by our shareholders. The role and responsibilities of the Lead Director are in addition to and distinct from the role of the chair of each of the committees of the Board.

The mandate of the Vice Chair (Lead Director) is posted on our website at http://www.intelgenx.com.

**Independence of Members of the Board of Directors**

The Board has determined that four of our directors, J. Bernard Boudreau, Ian Troup, Bernd Melchers, and John Marinucci are independent within the meaning of the director independence standards of both The Nasdaq Stock Market, LLC (“NASDAQ”) and the Securities and Exchange Commission (“SEC”), including Rule 10A-3(b)(1) under the Securities Exchange Act of 1934, as amended.

**Meetings of the Board of Directors**

Our Board held four regular meetings and various Special Meetings during our 2016 Fiscal Year. All our directors attended 100% of the board meetings and of the committee meetings on which they served, except for Mr. Troup who was unable to attend 50% of the regular scheduled meetings for medical reasons but attended the Q2 and Q4 scheduled meetings as well as special board meetings.

We encourage the members of our board to attend the Annual General Meeting to be available to answer shareholder’s questions. All of our directors attended the last Annual Meeting in May 2016.

**Compensation of the Board of Directors**

Directors are reimbursed for their out-of-pocket expenses incurred in attending meetings of the Board of Directors. As described below in "Director Compensation", during our 2016 Fiscal Year, our Directors of the Board (except for the CEO) received an annual stipend of $27,158 (CA$36,000), the Vice-Chairman of the Board received an additional annual stipend of $10,939 (CA$14,500), and each chairman of a Board Committee received $5,658 (CA$7,500). Director fees are paid in quarterly installments at the beginning of each quarter.

In November 2016, the Board resolved to compensate non-employee directors for their efforts on special or ad hoc committees or for board approved initiatives that fall outside the scope of customary director’s duties. A daily (per 8 hours) per diem rate of $754 (CA$1,000) was established. The Audit Committee Chair needs to approve per diem charges submitted by directors. During fiscal year 2016, no funds were submitted or paid under the new policy.

Effective January 2017, Director’s compensation will be paid in U.S. Dollars in lieu of Canadian dollars. The amounts will remain the same.

Furthermore, effective January 2015, the non-employee Directors of the Board receive 50,000 options to purchase common stock which will be granted annually to each non-employee director at the beginning of the fiscal year.

**Committees of the Board of Directors**

The Board has three standing committees: the Audit Committee, the Compensation Committee and the Corporate Governance and Nomination Committee. Furthermore, in August 2016, we implemented an ad-hoc-Succession Committee.
Audit Committee. Our Audit Committee is comprised of independent members of our Board and is currently composed of Bernd Melchers, John Marinucci, Ian Troup and Bernard Boudreau. Clemens Mayr was a member of the committee during fiscal year 2016 until February of 2017, Ian Troup and Bernard Boudreau have newly been appointed as member of the committee in March 2017. The Audit Committee held four meetings during our 2016 Fiscal Year.

Our Audit Committee assists our Board in fulfilling its responsibilities for oversight and supervision of financial and accounting matters. The chairman of the Audit Committee is Mr. Bernd Melchers. Our Audit Committee’s responsibilities include, among others (i) recommending to the Board the engagement of the external auditor and the terms of the external auditor’s engagement; (ii) overseeing the work of the external auditor, including dispute resolution between management and the external auditor, if required; (iii) pre-approving all non-audit services to be provided to us by our external auditor; (iv) reviewing our financial statements, management’s discussion and analysis and annual and interim earnings press releases before this information is publicly disclosed; (v) assessing the adequacy of procedures for our public disclosure of financial information; (vi) establishing procedures to deal with complaints received by us relating to our accounting and auditing matters; and (vii) reviewing our hiring policies regarding employees of our external auditor or former auditor.

We have adopted, along with our Audit Committee, a written charter of the Audit Committee setting out the mandate and responsibilities of the Audit Committee which provides that the Audit Committee convene no less than four times per year.

The Audit Committee Charter is posted on our website at http://www.intelgenx.com.

Accordingly, the Audit Committee discusses with Richter LLP, our auditors, our audited financial statements, including, among other things, the quality of our accounting principles, the methodologies and accounting principles applied to significant transactions, the underlying processes and estimates used by our management in our financial statements and the basis for the auditor's conclusions regarding the reasonableness of those estimates, in addition to the auditor's independence.

Compensation Committee. Our Compensation Committee is comprised of a majority of independent members of our Board and currently consists of the Chairman of the Compensation Committee, John Marinucci, J. Bernard Boudreau, Ian Troup and Clemens Mayr. The Compensation Committee held four meetings in 2016 and met during the first quarter of 2017 to review and discuss fiscal year 2016 executive officers performances and discuss director’s and officer’s compensation for fiscal year 2017.

Our Compensation Committee reviews and makes recommendations to our Board concerning the compensation of our directors and executive officers which include the review of our executive compensation and other human resource policies, the review and administration of any bonuses and stock options and major changes to our benefit plans and the review of and recommendations regarding the performance of the Chief Executive Officer, the Executive Vice President and Chief Financial Officer, the Vice President, Manufacturing Operations, Vice President of Business and Corporate Development and the Vice President of Research and Development of our Corporation and its subsidiary.

We have adopted, along with our Compensation Committee, a written charter of the Compensation Committee setting out the mandate and responsibilities of the Compensation Committee which provides that the Compensation Committee convene no less than three times per year.

The Compensation Committee Charter is posted on our website at http://www.intelgenx.com.

Compensation Committee Interlocks and Insider Participation. As stated above, the Compensation Committee consists of John Marinucci, J. Bernard Boudreau, Ian Troup and Clemens Mayr. There are no interlocking relationships, as described by the Securities and Exchange Commission, between the Compensation Committee members.

Corporate Governance and Nomination Committee (CG&N). Our Corporate Governance and Nomination Committee is comprised of members of our Board and currently consists of the Chairman of the CG&N Committee, J. Bernard Boudreau, Clemens Mayr, Mark Nawacki and Horst G. Zerbe. The CG&N Committee was implemented in August 2015 and held two meetings in 2016.

The CG&N Committee is responsible for performing the duties set out in its Charter to enable the Board to discharge its responsibilities and obligations with respect to identifying and recommending candidates for election to the Board and all committees of the Board. Furthermore, the CG&N Committee is responsible for developing an effective corporate governance system for IntelGenx Technologies Corp., and for reviewing and assessing on an ongoing basis our corporate governance and public disclosure.
In considering a potential candidate, the CG&N Committee considers both the qualities and skills that the Board, considered in its entirety, currently possesses and that the Board should possess. Based on the skills and experiences already represented on the Board, the CG&N Committee will consider the experience, personal attributes and qualities that a candidate should possess in light of the anticipated growth and development of the Corporation. The CG&N Committee recognizes the benefits of promoting diversity at the Board level. Diverse perspectives linked in common purpose contribute to innovation and growth of the Corporation. In considering candidates and selecting nominees for the Board, diversity, including gender diversity, is an important factor considered by the CG&N Committee. In assessing a candidate’s suitability, the CG&N Committee also takes into consideration the existing commitments of the individual to ensure that each member has sufficient time to discharge such member’s duties.

Notwithstanding the fact that the CG&N Committee is charged with the responsibility of identifying potential new Board members, all members of the Board are eligible to put forth candidates for the CG&N Committee to consider. Additionally, the Board may engage recruiting firms to assist with identifying qualified candidates. Once candidates have been approved by the CG&N Committee and their interest level gauged, the entire Board discusses, both formally and informally, the suitability of a particular candidate.

Stockholders may recommend individuals to our Board for consideration as potential director candidates by submitting their names, together with appropriate biographical information and background materials to our principal office, 6420 Abrams, Ville St. Laurent, Quebec H4S 1Y2, Attn: Corporate Secretary. Assuming that appropriate biographical and background material has been provided on a timely basis, our Board will evaluate stockholder-recommended candidates by following substantially the same process, and applying substantially the same criteria, as it follows for candidates submitted by others. If our Board determines to nominate a stockholder-recommended candidate and recommends his or her election, then his or her name will be included in our proxy card for the next annual meeting.

We have adopted, along with our CG&N Committee, a written charter of the CG&N Committee setting out the mandate and responsibilities of the CG&N Committee which provides that the Committee convene as frequently as it determines necessary but not less frequently than twice each year.

The Corporate Governance and Nomination Committee Charter is posted on our website at http://www.inelgenx.com.

Ad-hoc Succession Committee Our ad-hoc Succession Committee is comprised of members of our Board and currently consists of the Vice Chairman of the Board, J. Bernard Boudreau, Clemens Mayr and Horst G. Zerbe. The ad-hoc Succession Committee was implemented in August 2016 with the objective to establish the framework for the search of the planned and/or unplanned, interim or permanent successor of our current CEO and President. The committee had met on several occasions to create an Interim CEO Replacement Plan. The Board adopted the plan in November of 2016, which provides directions for the temporary succession of the CEO in the event of his planned or potentially unplanned departure or leave of absence. The decision on a CEO successor will be made at some appropriate future date by the full Board.

Board’s Role in Risk Oversight

Our management has responsibility for managing day-to-day risk and for bringing the most material risks facing the Corporation to the Board’s attention. The Board takes an active role in risk oversight related to the Corporation both as a full Board and through its committees. To facilitate the Board’s risk oversight responsibility, management provides the Board with information about its identification, assessment and management of critical risks and its risk mitigation strategies. This information is communicated to the Board and its committees at regular and special meetings, through reports, presentations and discussions with key management personnel and representatives of outside advisors, such as our independent auditors, as appropriate. During regular Audit Committee meetings, committee members discuss the financial results for the most recent fiscal quarter with the independent auditors, Chief Financial Officer and Chief Executive Officer. The Audit Committee also meets with and provides instruction to the independent auditors outside the presence of management. These discussions allow the members of the Audit Committee to analyze any significant risks that could materially impact the financial health of our business.

The Compensation Committee oversees the Corporation’s executive compensation arrangements, including the identification and management of risks that may arise from our compensation policies and practices.

Executive Compensation

The key objectives of the our executive compensation policies are to attract and retain key executives who are important to the long-term success of the Corporation and to provide incentives for these executives to achieve high levels of job performance and enhancement of shareholder value. We seek to achieve these objectives by paying its executives a competitive level of base compensation for companies of similar size and industry and by providing its executives an opportunity for further reward for outstanding performance in both the short term and the long term.
Executive Officer Compensation. Our executive officer compensation program is comprised of three elements: base salary, annual cash bonus and long-term incentive compensation in the form of stock option grants.

Salary. The Compensation Committee and the Board will review base salaries for our executive officers, taking into account individual experience, job responsibility and individual performance during the prior year. These factors are not assigned a specific weight in establishing individual base salaries. The Compensation Committee will also consider our executive officers' salaries relative to salary information for executives in similar industries and similarly sized companies.

Cash Bonuses. The purpose of the cash bonus component of the compensation program is to provide a direct financial incentive in the form of cash bonuses to executives. The cash bonus is paid on the base of individual and corporate performance.

Stock Options. Stock options are the primary vehicle for rewarding long-term achievement of our goals. The objectives of the program are to align employee and shareholder long-term interests by creating a strong and direct link between compensation and increases in share value. Under our Stock Option Plan, the Board or the Compensation Committee may authorize the grant of options to purchase our common stock to our key employees. The options generally vest in increments over a period of two years established at the time of grant.

Involvement in Certain Legal Proceedings

None of our officers or directors have, during the last ten years: (i) been convicted in or is currently subject to a pending criminal proceeding; (ii) been a party to a civil proceeding of a judicial or administrative body of competent jurisdiction and as a result of such proceeding was or is subject to a judgment, decree or final order enjoining future violations of, or prohibiting or mandating activities subject to any federal or state securities or banking laws including, without limitation, in any way limiting involvement in any business activity, or finding any violation with respect to such law, nor (iii) has any bankruptcy petition been filed by or against the business of which such person was an executive officer or a general partner, whether at the time of the bankruptcy or for the two years prior thereto or been subject to any of the items set forth under Item 401(f) of Regulation S-K, other than Mr. Boudreau who was formerly the Vice President of Pharmeng International Inc. from 2005 to 2008, which since filed for bankruptcy on April 14, 2009. He was also a Director of Pharmeng until April 13, 2009.

Communications with the Board

Any record or beneficial owner of our common stock who wishes to communicate with the Board should contact the Chairman of the Board or the Chairman of the Audit Committee. If particular communications are directed to the full Board, independent directors as a group, or individual directors, the Chairman of the Board or the Chairman of the Audit Committee, as applicable, will route these communications to appropriate committees or directors if the intended recipients are clearly indicated.

Any record or beneficial owner of our common stock who has concerns about our accounting, internal accounting controls, or auditing matters relating to the Corporation should also contact the Audit Committee.

Written communications should be addressed to IntelGenx Technologies Corp., 6420 Abrams, Ville St-Laurent, Quebec H4S 1Y2, Canada, Attention: Chairman of the Board/Chairman of the Audit Committee. Communications that are intended to be anonymous should be sent to the same address but without indicating your name or address, and with an interior envelope addressed to the specific committees or directors you wish to communicate with.
## EXECUTIVE COMPENSATION

The following table sets forth all compensation awarded to, or earned by our executive officers for the years indicated.

<table>
<thead>
<tr>
<th>Name and principal position (a)</th>
<th>Year (b)</th>
<th>Salary ($) (c)</th>
<th>Bonus($) (d)</th>
<th>Option Awards (2) ($) (e)</th>
<th>All Other Compensation ($) (i)</th>
<th>Total ($) (j)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Horst G. Zerbe, President and CEO</td>
<td>2016</td>
<td>205,574</td>
<td>80,174</td>
<td>NIL</td>
<td>NIL</td>
<td>285,748</td>
</tr>
<tr>
<td></td>
<td>2015</td>
<td>205,301</td>
<td>76,988</td>
<td>NIL</td>
<td>NIL</td>
<td>282,289</td>
</tr>
<tr>
<td>Andre Godin EVP and CFO</td>
<td>2016</td>
<td>190,109</td>
<td>57,033</td>
<td>NIL</td>
<td>NIL</td>
<td>247,142</td>
</tr>
<tr>
<td></td>
<td>2015</td>
<td>61,365</td>
<td>19,553</td>
<td>119,520</td>
<td>3,813</td>
<td>204,251</td>
</tr>
<tr>
<td>John Durham VP Manufacturing</td>
<td>2016</td>
<td>147,108</td>
<td>33,099</td>
<td>NIL</td>
<td>NIL</td>
<td>180,207</td>
</tr>
<tr>
<td></td>
<td>2015</td>
<td>144,689</td>
<td>32,555</td>
<td>23,733</td>
<td>NIL</td>
<td>200,977</td>
</tr>
<tr>
<td>Nadine Paiement VP Research and Development</td>
<td>2016</td>
<td>96,658</td>
<td>22,183</td>
<td>10,668</td>
<td>NIL</td>
<td>129,506</td>
</tr>
<tr>
<td></td>
<td>2015</td>
<td>NIL (5)</td>
<td>NIL</td>
<td>NIL</td>
<td>NIL</td>
<td>NIL</td>
</tr>
<tr>
<td>Dana Matzen, VP Corporate &amp; Business Development</td>
<td>2016</td>
<td>77,435 (6)</td>
<td>17,558</td>
<td>67,312</td>
<td>NIL</td>
<td>162,305</td>
</tr>
<tr>
<td></td>
<td>2015</td>
<td>NIL</td>
<td>NIL</td>
<td>NIL</td>
<td>NIL</td>
<td>NIL</td>
</tr>
</tbody>
</table>

### Footnotes:

1. In April 2015 Mr. Durham received options to purchase 100,000 shares of common stock. In August 2015, Mr. Godin received options to purchase 600,000 shares of common stock. In January 2016 Ms. Paiement received options to purchase 75,000 shares of common stock. In September 2016 Ms. Matzen received options to purchase 200,000 shares of common stock.

2. The amounts in this column represent the grant date fair value of stock option grants in accordance with Financial Accounting Standards Board Accounting Standards Codification Topic 718 (“FASB ASC Topic 718”). The value of 100,000 option grants has been determined using the Black-Scholes method and is based on the following assumptions: risk-free rate of return of 0.87%, dividend rate of 0%, volatility rate of 62% and an average term of 3.13 years. An Adjustment of 10% has been determined for the risk of forfeiture. No adjustment has been made for non-transferability. The value of 600,000 option grants has been determined using the Black-Scholes method and is based on the following assumptions: risk-free rate of return of 1.09%, dividend rate of 0%, volatility rate of 63% and an average term of 3.13 years. An Adjustment of 20% has been determined for the risk of forfeiture. No adjustment has been made for non-transferability. The value of 75,000 option grants has been determined using the Black-Scholes method and is based on the following assumptions: risk-free rate of return of 1.11%, dividend rate of 0%, volatility rate of 63% and an average term of 3.13 years. An Adjustment of 20% has been determined for the risk of forfeiture. No adjustment has been made for non-transferability. The value of 200,000 option grants has been determined using the Black-Scholes method and is based on the following assumptions: risk-free rate of return of 1.3%, dividend rate of 0%, volatility rate of 65% and an average term of 5.63 years. An Adjustment of 20% has been determined for the risk of forfeiture. No adjustment has been made for non-transferability.

3. Mr. Godin received compensation as Executive Vice President and CFO from August 24 to December 31, 2015. Prior to his employment from June to August 2015 he received consulting fees of $3,813 for services provided during this period.

4. Bonuses paid out in the first quarter of 2017

5. Ms. Paiement received compensation as Vice President Research and Development from January to December 2016. Prior to her appointment she was holding the position as Senior Director, Research and Development at IntelGenx Corp.

6. Ms. Matzen, received compensation as Vice President of Business and Corporate Development of IntelGenx Corp. from March 2016 to October 2016, when Ms. Matzen went on maternity leave.
Compensation Discussion and Analysis

Employment Agreements

Horst G. Zerbe. Effective July 15, 2014, we entered into a new employment agreement with Dr. Zerbe, our President and Chief Executive Officer (the “Zerbe Agreement”). The agreement is for an indefinite period of time. Under the agreement, Dr. Zerbe is entitled to receive: (1) a minimum base salary of CA$250,000 per year; and (2) an annual bonus of up to 50% of base salary based upon the achievement of specific performance targets established between Dr. Zerbe and the Board.

Pursuant to the Zerbe Agreement, if Dr. Zerbe is terminated by the Corporation for Cause (as defined in the Zerbe Agreement), Dr. Zerbe is not entitled to any notice, compensation or expenses except for accrued salary, bonus or expenses. If the Corporation terminates Dr. Zerbe without Cause, Dr. Zerbe is entitled to all accrued payments, and Termination Benefits (as defined in the Zerbe Agreement) for an 18 month period (the “Zerbe Severance Period”), which shall include, (i) a lump sum payment of base salary for the Zerbe Severance Period, (ii) continued participation in employee benefits plans up to the earlier of the end of the Zerbe Severance Period or the start of subsequent employment with similar benefits, (iii) payment of a monthly automobile allowance up to the earlier of the end of the Zerbe Severance Period or the start of subsequent employment with similar benefits (iii) payment of a bonus up to the date of termination of employment, and (iv) any stock options that are unvested shall immediately vest. All such payment must be made by the Corporation within ten days of the date of termination by the Corporation.

If the employment is terminated by Dr. Zerbe within 6 months following a Change in Control (as defined in the Zerbe Agreement), then Dr. Zerbe shall receive similar benefits as if he had been terminated without Cause. If Dr. Zerbe voluntarily terminates the Zerbe Agreement for any other reason or due to death or disability, we shall have no further obligations under the Zerbe Agreement except for the payment of accrued salary, expenses and benefits.

Following his retirement as President and Chief Executive Officer, effective January 1, 2014 and terminated on July 14, 2014, Dr. Horst Zerbe was appointed to serve in an ad-hoc capacity as an advisor to the Board and IntelGenx management in order to transition the responsibilities of President and CEO to Dr. Khosla and maintain continuity of management for a period of six months. Dr. Zerbe received compensation of CA$58,750 (US$53,004), which was paid in equal installments, less deductions and withholdings required by law, before July 15, 2014, and continued to receive all employment benefits for which Dr. Zerbe was eligible as President and CEO for the duration of this appointment.

In the first quarter of 2015, following the recommendation of the Compensation Committee, the Board approved a one-time cash bonus of CA$42,969 (US$38,767) for fiscal year 2014, to be paid to Dr. Zerbe in Q1 2015. Dr. Zerbe’s salary was also increased to CA$262,500 effective January 1, 2015.

In the first quarter of 2016, following the recommendation of the Compensation Committee, the Board approved a one-time cash bonus of CA$98,438 (US$80,174) for fiscal year 2016, to be paid to Dr. Zerbe in Q1 2016. Dr. Zerbe’s salary was also increased to CA$272,500 effective January 1, 2016.

In the first quarter of 2017, following the recommendation of the Compensation Committee, the Board approved a one-time cash bonus of CA$106,275 (US$80,174) for fiscal year 2017, to be paid to Dr. Zerbe in Q1 2017. Dr. Zerbe’s salary was also increased to CA$286,125 effective January 1, 2017.

Andre Godin. Effective August 24, 2015, we entered into an employment agreement with Mr. Godin, our Executive Vice President and Chief Financial Officer (the “Godin Agreement”). The agreement is for an indefinite period of time. Under the agreement, Mr. Godin is entitled to receive: (1) a minimum base salary of CA$240,000 per year; and (2) an annual bonus of up to 40% of base salary based upon the achievement of certain performance targets.

Pursuant to the Godin Agreement, if Mr. Godin is terminated by the Corporation for Cause (as defined in the Godin Agreement), Mr. Godin is not entitled to any notice, compensation or expenses except for accrued salary, bonus or expenses. If the Corporation terminates Mr. Godin without Cause, Mr. Godin is entitled to all accrued payments, and Termination Benefits (as defined in the Godin Agreement) for an 12 month period (the “Godin Severance Period”), which shall include, (i) a lump sum payment of base salary for the Godin Severance Period, (ii) continued participation in employee benefits plans up to the earlier of the end of the Godin Severance Period or the start of subsequent employment with similar benefits, (iii) receive payment of any accrued bonus. In addition, any stock options that are unvested shall immediately vest.

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If the employment is terminated by Mr. Godin within 6 months following a Change in Control (as defined in the Godin Agreement), then Mr. Godin shall receive similar benefits as if he had been terminated without Cause. If Mr. Godin voluntarily terminates the Godin Agreement for any other reason or due to death or disability, the Corporation shall have no further obligations under the Godin Agreement except for the payment of accrued salary, expenses and benefits.

In the first quarter of 2016, following the recommendation of the Compensation Committee, the Board approved a one-time cash bonus of CA$25,001 (US$19,553) prorated for fiscal year 2015, to be paid to Mr. Godin in Q1 2016. Mr. Godin’s salary was also increased to CA$252,000 effective January 1, 2016.

In the first quarter of 2017, following the recommendation of the Compensation Committee, the Board approved a one-time cash bonus of CA$75,600 (US$57,033) for fiscal year 2016, to be paid to Mr. Godin in Q1 2017. Mr. Godin’s salary was also increased to CA$264,600 effective January 1, 2017.

John Durham. Effective January 1, 2015, IntelGenx Corp., a wholly owned subsidiary of the Corporation entered into an employment agreement with Mr. Durham, our Vice President, Manufacturing Operations (the “Durham Agreement”). The agreement is for an indefinite period of time. Under the agreement, Mr. Durham is entitled to receive: (1) a minimum base salary of CA$185,000 per year; and (2) an annual bonus of up to 30% of base salary based upon the achievement of certain performance targets.

Pursuant to the Durham Agreement, if Mr. Durham is terminated by the Corporation for Cause (as defined in the Durham Agreement), Mr. Durham is not entitled to any notice, compensation or expenses except for accrued salary, bonus or expenses. If the Corporation terminates Mr. Durham without Cause, Mr. Durham is entitled to all accrued payments, and Termination Benefits (as defined in the Durham Agreement) for an 12 month period (the “Durham Severance Period”), which shall include, (i) a lump sum payment of base salary for the Durham Severance Period, (ii) continued participation in employee benefits plans up to the earlier of the end of the Durham Severance Period or the start of subsequent employment with similar benefits, (iii) receive payment of any accrued bonus. In addition, any stock options that are unvested shall immediately vest.

If the employment is terminated by Mr. Durham within 6 months following a Change in Control (as defined in the Durham Agreement), then Mr. Durham shall receive similar benefits as if he had been terminated without Cause. If Mr. Durham voluntarily terminates the Durham Agreement for any other reason or due to death or disability, the Corporation shall have no further obligations under the Durham Agreement except for the payment of accrued salary, expenses and benefits.

In the first quarter of 2016, following the recommendation of the Compensation Committee, the Board approved a one-time cash bonus of CA$41,625 (US$32,555) for fiscal year 2015, to be paid to Mr. Durham in Q1 2016. Mr. Durham’s salary was also increased to CA$195,000 effective January 1, 2016.

In the first quarter of 2017, following the recommendation of the Compensation Committee, the Board approved a one-time cash bonus of CA$43,875 (US$33,099) for fiscal year 2016, to be paid to Mr. Durham in Q1 2017. Mr. Durham’s salary was also increased to CA$204,750 effective January 1, 2017.

Nadine Paiement. Effective January 18, 2016, IntelGenx Corp., a wholly owned subsidiary of the Corporation entered into an employment agreement with Ms. Paiement, our Vice President, Research and Development (the “Paiement Agreement”). The agreement is for an indefinite period of time. Under the agreement, Ms. Paiement is entitled to receive: (1) a minimum base salary of CA$125,000 per year; and (2) an annual bonus of up to 30% of base salary based upon the achievement of certain performance targets.

Pursuant to the Paiement Agreement, if Ms. Paiement is terminated for any reason other than for Cause (as defined in the Agreement), then she shall (i) receive a lump sum payment of the base salary that would have been payable for a 12 month period (the “Severance Period”), (ii) be entitled to continued participation in employee benefit plans ending on the earlier of the end of the Severance Period and receipt of equivalent plans of a subsequent employer, and (iii) receive payment of any accrued bonus. In addition, all unvested stock options shall vest immediately (collectively the “Termination Benefits”). On the occurrence of a Change in Control (as defined in the Agreement), Ms. Paiement may terminate the Agreement within a period of six months and the Corporation shall be required to provide her with the Termination Benefits.
The Agreements contain non-competition and non-solicitation provisions for a period of twelve months on termination of the Agreements for whatever reason whether voluntary or involuntary.

In the first quarter of 2017, following the recommendation of the Compensation Committee, the Board approved a one-time cash bonus of CA$29,405 (US$22,183) for fiscal year 2016, to be paid to Ms. Paiement in Q1 2017. Ms. Paiement's salary was also increased to CA$150,000 effective January 1, 2017.

**Dana Matzen.** Effective March 14, 2016 IntelGenx Corp., a wholly owned subsidiary of the Corporation entered into an Agreement with Dana Matzen, our Vice President, Business Development (the “Matzen Agreement”). The agreement is for an indefinite period of time. Under the Agreement, Dr. Matzen is entitled to receive (1) a minimum base salary of CA$175,000 per year which will automatically increase to CA$210,000 after six months and (2) an annual bonus of up to 30% of her base salary for meeting certain performance targets.

Pursuant to the Matzen Agreement, if Dr. Matzen is terminated by the Corporation for Cause (as defined in the Matzen Agreement), Dr. Matzen is not entitled to any notice, compensation or expenses except for accrued salary, bonus or expenses. If the Corporation terminates Dr. Matzen without Cause, Dr. Matzen is entitled to all accrued payments, and Termination Benefits (as defined in the Matzen Agreement) for an 12 month period (the “Matzen Severance Period”) which shall include, (i) a lump sum payment of base salary for the Matzen Severance Period plus the average of the three (3) last years’ bonuses that would have been payable during the Severance Period, (ii) continued participation in employee benefits plans up to the earlier of the end of the Matzen Severance Period or the start of subsequent employment with similar benefits, (iii) receive payment of any accrued bonus. In addition, any stock options that are unvested shall immediately vest.

If the employment is terminated by Dr. Matzen within 6 months following a Change in Control (as defined in the Matzen Agreement), then Dr. Matzen shall receive similar benefits as if she had been terminated without Cause. If Dr. Matzen voluntarily terminates the Matzen Agreement for any other reason or due to death or disability, the Corporation shall have no further obligations under the Matzen Agreement except for the payment of accrued salary, expenses and benefits.

In the first quarter of 2017, following the recommendation of the Compensation Committee, the Board approved a one-time cash bonus of CA$23,274 (US$17,558) prorated for fiscal year 2016, to be paid to Ms. Matzen in Q1 2017.

### OUTSTANDING EQUITY AWARDS AT FISCAL YEAR-END

#### Incentive Plan Awards

The following table presents information regarding the outstanding equity awards held by each of the named officers as of December 31, 2016, including the vesting dates for the portions of these awards that had not vested as of that date.

<table>
<thead>
<tr>
<th>Name</th>
<th>Number of Securities Underlying</th>
<th>Number of Securities Unexercised Options (#) Exercisable</th>
<th>Number of Securities Underlying Options (#) Unexercisable</th>
<th>Equity Incentive Plan Awards: Number of Securities Underlying Unexercised Unearned Options (#)</th>
<th>Option Exercise Price ($)</th>
<th>Option Expiration Date</th>
</tr>
</thead>
<tbody>
<tr>
<td>Horst G. Zerbe</td>
<td>25,000 (2)</td>
<td>NIL</td>
<td>NIL</td>
<td>NIL</td>
<td>0.53</td>
<td>Dec. 8, 2019</td>
</tr>
<tr>
<td></td>
<td>30,000 (1)</td>
<td></td>
<td>NIL</td>
<td>NIL</td>
<td>0.60</td>
<td>Dec. 4, 2017</td>
</tr>
<tr>
<td>Andre Godin</td>
<td>300,000 (3)</td>
<td>300,000 (3)</td>
<td>NIL</td>
<td>0.58</td>
<td></td>
<td>July 20, 2020</td>
</tr>
<tr>
<td>John Durham</td>
<td>75,000 (4)</td>
<td>25,000 (4)</td>
<td>NIL</td>
<td>0.62</td>
<td></td>
<td>April 2, 2020</td>
</tr>
<tr>
<td>Nadine Paiement</td>
<td>20,000 (5)</td>
<td>NIL</td>
<td>NIL</td>
<td>0.51</td>
<td></td>
<td>June 12, 2017</td>
</tr>
<tr>
<td></td>
<td>18,750 (6)</td>
<td>56,250 (6)</td>
<td>NIL</td>
<td>0.41</td>
<td></td>
<td>Jan. 18, 2021</td>
</tr>
<tr>
<td>Dana Matzen</td>
<td>NIL</td>
<td>200,000 (7)</td>
<td>NIL</td>
<td>0.73</td>
<td></td>
<td>Sep. 14, 2026</td>
</tr>
</tbody>
</table>
Footnotes:

(1) On December 4, 2012, the Board approved the grant of 30,000 options to purchase common stock to Dr. Horst G. Zerbe. The options vest over two years, all of which are exercisable as of year-end 2016.
(2) On December 8, 2014, the Board approved the grant of 25,000 options to purchase common stock to Dr. Horst G. Zerbe. The options vest over two years, all of which are exercisable as of year-end 2016.
(3) On July 20, 2015, the Board approved the grant of 600,000 options to purchase common stock to Mr. Andre Godin. The options vest over two years, 300,000 of which were exercisable as of year-end 2016.
(4) On April 2, 2015, the Board approved the grant of 100,000 options to purchase common stock to Mr. John Durham. The options vest over two years, 75,000 of which are exercisable as of year-end 2016.
(5) On June 13, 2012, the Board approved the grant of 20,000 options to purchase common stock to Ms. Nadine Paiement, who was our Director of R&D at the time of the grant. The options vest over two years, all of which were exercisable as of year-end 2016.
(6) On January 19, 2016, the Board approved the grant of 75,000 options to purchase common stock to Ms. Nadine Paiement. The options vest over two years, 18,750 of which were exercisable as of year-end 2016.
(7) On September 15, 2016, the Board approved the grant of 200,000 options to purchase common stock to Dr. Dana Matzen. The options vest over two years, none of which were exercisable as of year-end 2016.

Director Compensation

The following table sets forth compensation paid to each named Director during the year ending December 31, 2016.

In addition, Directors are reimbursed for reasonable expenses incurred in their capacity as directors, including travel and other out-of-pocket expenses incurred in connection with meetings of the Board or any committee of the Board.

<table>
<thead>
<tr>
<th>Name</th>
<th>Fees Earned or Paid in Cash ($) (b)</th>
<th>Stock Awards ($) (c)</th>
<th>Option Awards ($) (d)</th>
<th>Non-Equity Incentive Plan Compensation ($) (e)</th>
<th>Non-Qualified Deferred Compensation Earnings ($) (f)</th>
<th>All Other Compensation ($) (g)</th>
<th>Total ($) (j)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Horst G. Zerbe (3)</td>
<td>NIL</td>
<td>NIL</td>
<td>Nil</td>
<td>NIL</td>
<td>NIL</td>
<td>NIL</td>
<td>NIL</td>
</tr>
<tr>
<td>J. Bernard Boudreau (1)(2)(3)</td>
<td>43,755 (3)</td>
<td>NIL</td>
<td>6,692</td>
<td>NIL</td>
<td>NIL</td>
<td>NIL</td>
<td>50,447</td>
</tr>
<tr>
<td>John (Ian) Troup (1)(2)</td>
<td>27,158 (3)</td>
<td>NIL</td>
<td>6,692</td>
<td>NIL</td>
<td>NIL</td>
<td>NIL</td>
<td>33,850</td>
</tr>
<tr>
<td>Bernd J. Melchers (1)</td>
<td>32,816 (3)</td>
<td>NIL</td>
<td>6,692</td>
<td>NIL</td>
<td>NIL</td>
<td>NIL</td>
<td>39,508</td>
</tr>
<tr>
<td>John Marinucci (1)(2)</td>
<td>32,816 (3)</td>
<td>NIL</td>
<td>6,692</td>
<td>NIL</td>
<td>NIL</td>
<td>NIL</td>
<td>39,508</td>
</tr>
<tr>
<td>Clemens Mayr (1)(2)(3)(4)</td>
<td>27,158</td>
<td>NIL</td>
<td>6,692</td>
<td>NIL</td>
<td>NIL</td>
<td>NIL</td>
<td>33,850</td>
</tr>
<tr>
<td>Mark Nawacki</td>
<td>10,184 (5)</td>
<td>NIL</td>
<td>25,242</td>
<td>NIL</td>
<td>13,579 (5)</td>
<td></td>
<td>49,005</td>
</tr>
</tbody>
</table>

Footnotes:

(1) Audit Committee member
(2) Compensation Committee member
(3) CG&N Committee
(4) Mr. Mayr was a member of the Audit Committee during fiscal year 2016.
(5) Mr. Nawacki received director fees commencing August 2016. Prior to his appointment, from February 2016 to July 2016, Mr. Nawacki received compensation as a member of the Scientific Advisory Board of IntelGenx Corp.
Effective April 1, 2015, our Directors of the Board (except for the CEO) received an annual stipend of CA$36,000, the Vice-Chairman of the Board received an additional stipend of CA$14,500 and each Chairman of a Board committee received additional CA$7,500. Director fees are paid in quarterly installments at the beginning of each quarter. The cash amounts represent the equivalent U.S. Dollar value measured at the appropriate year end exchange rate used in the financial statements or the actual U.S. Dollar amounts paid at the time of payment. Effective January 2017, the previous currency of Canadian Dollar for Director’s compensation changed to U.S. Dollar. The amounts will remain the same.

In November 2016, the Board resolved to compensate non-employee directors for their efforts on special or ad hoc committees or for board approved initiatives that fall outside the scope of customary director’s duties. A daily (per 8 hours) per diem rate of $754 (CA$ 1,000) was established. The Audit Committee Chair needs to approve per diem charges submitted by directors. No funds were submitted or paid under the new policy during fiscal year 2016.

Furthermore, effective January 2015, the non-employee Directors of the Board receive 50,000 options to purchase common stock which will be granted annually to each non-employee director at the beginning of the fiscal year.

At December 31, 2016 Mr. Boudreau, Mr. Troup, Mr. Melchers, Mr. Marinucci, Mr. Mayr and Mr. Nawacki held 160,000, 200,000, 125,000, 100,000, 87,500 and NIL vested options to purchase common stock respectively.

**Directors’ and Officers’ Liability Insurance**

During 2016, we carried Directors’ and Officers’ liability insurance at an approximate annual cost of $38,113 for an insured amount of $5 million.

**SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT**

The following table sets forth certain information concerning the beneficial ownership of our shares of common stock by our directors and executive officers, and by each beneficial owner of five percent (5%) or more of our outstanding common stock. Based on information available to us, all persons named in the table have sole voting and investment power with respect to all shares of common stock beneficially owned by them, unless otherwise indicated. Beneficial ownership is determined in accordance with Rule 13d-3 under the Securities Exchange Act of 1934, as amended. In computing the number of shares beneficially owned by a person or a group and the percentage ownership of that person or group, shares of our common stock subject to options or warrants currently exercisable or exercisable within 60 days after the date of this registration statement are deemed outstanding, but are not deemed outstanding for the purpose of computing the percentage of ownership of any other person. Applicable percentage ownership is based upon 65,707,021 shares of common stock outstanding as of June 28, 2017. Unless otherwise indicated, the address of each of the named persons is care of IntelGenx Technologies Corp., 6420 Abrams, Ville St-Laurent, Quebec, H4S 1Y2.

**Name and Address**

<table>
<thead>
<tr>
<th>Name and Address</th>
<th>Amount and Nature of Beneficial Ownership</th>
<th>Percent of Class</th>
</tr>
</thead>
<tbody>
<tr>
<td>Horst G. Zerbe (1)</td>
<td>4,642,743.5(1)</td>
<td>7.07%</td>
</tr>
<tr>
<td>Ingrid Zerbe (2)</td>
<td>5,456,356.5(2)</td>
<td>8.31%</td>
</tr>
<tr>
<td>Bernard J. Boudreau (3)</td>
<td>350,000(3)</td>
<td>*</td>
</tr>
<tr>
<td>Ian Troup (4)</td>
<td>250,000(4)</td>
<td>*</td>
</tr>
<tr>
<td>Bernd Melchers (5)</td>
<td>295,000(5)</td>
<td>*</td>
</tr>
<tr>
<td>John Marinucci (6)</td>
<td>225,000(6)</td>
<td>*</td>
</tr>
<tr>
<td>John Durham (7)</td>
<td>113,000(7)</td>
<td>*</td>
</tr>
<tr>
<td>Andre Godin (8)</td>
<td>684,500(8)</td>
<td>*</td>
</tr>
<tr>
<td>Clemens Mayr (9)</td>
<td>175,000(9)</td>
<td>*</td>
</tr>
<tr>
<td>Nadine Paiement (10)</td>
<td>116,250(10)</td>
<td>*</td>
</tr>
<tr>
<td>Dana Matzen (11)</td>
<td>50,000(11)</td>
<td>*</td>
</tr>
<tr>
<td>Mark Nawacki (12)</td>
<td>68,750(12)</td>
<td>*</td>
</tr>
<tr>
<td><strong>All directors and officers as a group (12 persons)</strong></td>
<td>12,426,600</td>
<td>18.92%</td>
</tr>
</tbody>
</table>

*Less than 1%
In connection with the acquisition of IntelGenx in 2006, Horst G. Zerbe became our President, Chief Executive Officer and Director and acquired 4,709,643.5 exchangeable shares of our Canadian holding corporation 6544631Canada Inc., a Canadian special purpose corporation which wholly owns IntelGenx Corp. (the “Exchangeable Shares”). The 4,709,643.5 Exchangeable Shares are exchangeable, on a one for one basis, into shares of common stock of IntelGenx Technologies Corp. at Horst Zerbe's discretion. On July 28, 2011 Horst Zerbe exchanged 470,964 of the exchangeable shares into common shares of IntelGenx Technologies Corp. In January of 2013, Horst Zerbe sold 250,000 of those common shares on the open market. In April and August of 2015, Horst Zerbe sold 60,000 and 36,900 of those common shares respectively on the open market. Prior to exchanging the Exchangeable Shares for shares of common stock, Horst Zerbe has the right to vote the remaining 4,238,679.5 shares of common stock which are currently held in trust on behalf of Horst Zerbe. All of the 4,362,743.5 shares of common stock have not been registered for resale at this time. In addition to the Exchangeable Shares, Horst Zerbe's beneficial ownership includes 225,000 shares of common stock resulting from the exercise of 225,000 options to purchase common stock on November 9, 2011. On December 4, 2012 Horst Zerbe received 30,000 options to purchase common stock at an exercise price of $0.60. The options vest over two years, 25% every six months, all of which are exercisable within 60 days of this filing. On December 8, 2014 he also received 25,000 options to purchase common stock at an exercise price of $0.53. The options vested over two years, all of which are exercisable within 60 days of this filing.

Horst Zerbe and Ingrid Zerbe are husband and wife.

In connection with the acquisition of IntelGenx in 2006, Ingrid Zerbe became our Corporate Secretary and our Director of Finance and Administration and acquired 4,709,643.5 Exchangeable Shares. In June of 2009 Ingrid Zerbe acquired 1,021,713 Exchangeable Shares from Joel Cohen in a private transaction. The 5,731,356.5 Exchangeable Shares are exchangeable, on a one for one basis, into shares of common stock of IntelGenx Technologies Corp. at Ingrid Zerbe’s discretion. On July 28, 2011 Ingrid Zerbe exchanged 573,135 of the exchangeable shares into common shares of IntelGenx Technologies Corp. In January of 2013 Ingrid Zerbe sold 250,000 of those common shares on the open market. In April and August of 2015, Ingrid Zerbe sold 86,900 and 163,100 of those common shares respectively on the open market. Prior to exchanging the Exchangeable Shares, Ingrid Zerbe has the right to vote the remaining 5,158,221.5 shares of common stock which are currently held in trust on behalf of Ingrid Zerbe. All of the 5,231,356.5 shares of common stock have not been registered for resale at this time. In addition to the Exchangeable Shares, Ingrid Zerbe's beneficial ownership includes 225,000 shares of common stock resulting from the exercise of 225,000 options to purchase common stock on November 9, 2011.

Horst Zerbe and Ingrid Zerbe are husband and wife.

Mr. Boudreau's beneficial ownership consists of 35,000 common shares resulting from the exercise of stock options at $0.70 on August 19, 2008. On August 6, 2013, 35,000 options to purchase common shares at an exercise price of $0.58 were granted to Mr. Boudreau. The options vested over two years, 25% every six months, all of which are exercisable at the time of this filing. On December 8, 2014, 25,000 options to purchase common shares at an exercise price of $0.61 were granted to Mr. Boudreau. The options vest over two years, 25% every six months, all of which are exercisable at the time of this filing. On April 2, 2015, 50,000 options to purchase common shares at an exercise price of $0.62 were granted to Mr. Boudreau. The options vested immediately and are exercisable at the time of this filing. On January 19, 2016, 50,000 options to purchase common shares at an exercise price of $0.41 were granted to Mr. Boudreau. The options vested immediately and are exercisable at the time of this filing. In January of 2016, Mr. Boudreau and his wife purchased an aggregate of 65,000 shares of common stock on the open market. On November 28, 2016, Mr. Boudreau exercised 40,000 stock options at an exercise price of $0.54 resulting in the issuance of 40,000 common shares. On January 18, 2017, 50,000 options to purchase common shares at an exercise price of $0.89 were granted to Mr. Boudreau. The options vested immediately and are exercisable at the time of this filing.

Mr. Troup’s beneficial ownership consists of 75,000 options to purchase common shares at an exercise price of $0.52 which were granted on December 3, 2013. The options vested over two years, 25% every six months, all of which are exercisable at the time of this filing. On December 8, 2014, 25,000 options to purchase common stock at an exercise price of $0.53 were granted to Mr. Troup. The options vest over two years, 25% every six months, all of which are exercisable at the time of this filing. On April 2, 2015, 50,000 options to purchase common shares at an exercise price of $0.62 were granted to Mr. Troup. The options vested immediately and are exercisable at the time of this filing. On January 19, 2016, 50,000 options to purchase common shares at an exercise price of $0.41 were granted to Mr. Troup. The options vested immediately and are exercisable at the time of this filing. On January 18, 2017, 50,000 options to purchase common shares at an exercise price of $0.89 were granted to Mr. Troup. The options vested immediately and are exercisable at the time of this filing.
Mr. Melchers' beneficial ownership consists of 25,000 and 20,000 shares of common stock which he purchased on the open market on April 14, and July 27, 2011 respectively. On December 8, 2011, 25,000 options to purchase common shares at an exercise price of $0.61 were granted to Mr. Melchers. The options vest over two years, 25% every six months, all of which are exercisable at the time of this filing. On April 2, 2015, 50,000 options to purchase common shares at an exercise price of $0.62 were granted to Mr. Melchers. The options vested immediately and are exercisable at the time of this filing. Mr. Melcher's beneficial ownership includes 75,000 shares of common stock resulting from the exercise of 75,000 options to purchase common stock on May 16, 2015. On January 19, 2016, 50,000 options to purchase common shares at an exercise price of $0.41 were granted to Mr. Melchers. The options vested immediately and are exercisable at the time of this filing. On January 18, 2017, 50,000 options to purchase common shares at an exercise price of $0.89 were granted to Mr. Melchers. The options vested immediately and are exercisable at the time of this filing.

Mr. Marinucci’s beneficial ownership consists of 50,000 options to purchase common stock at an exercise price of $0.62, granted on April 2, 2015. The options vested immediately and are exercisable at the time of this filing. Mr. Marinucci's beneficial ownership includes 75,000 shares of common stock resulting from the exercise of 75,000 options to purchase common stock on July 31, 2015. On January 19, 2016, 50,000 options to purchase common shares at an exercise price of $0.41 were granted to Mr. Marinucci. The options vested immediately and are exercisable at the time of this filing. On January 18, 2017, 50,000 options to purchase common shares at an exercise price of $0.89 were granted to Mr. Marinucci. The options vested immediately and are exercisable at the time of this filing.

Mr. Durham’s beneficial ownership consists of 100,000 options to purchase common stock at an exercise price of $0.62, granted April 2, 2015. The options vest over two years, 25% every six months, all of which are exercisable within 60 days of this filing. Mr. Durham's beneficial ownership also includes 10,000 and 3,000 shares of common stock which he purchased on the open market on September 21, 2016 and October 7, 2016 respectively.

Mr. Godin’s beneficial ownership consists of 600,000 options to purchase common stock at an exercise price of $0.58, granted July 20, 2015. The options vest over two years, 25% every six months, all of which are exercisable within 60 days of this filing. In December of 2015, Mr. Godin’s ownership includes an aggregate of 44,500 shares of common stock which he purchased on the open market. On January 20, 2016, Mr. Godin purchased 20,000 shares and on September 14, 2016 another 20,000 shares of common stock on the open market.

Mr. Mayr’s beneficial ownership consists of 75,000 options to purchase common stock at an exercise price of $0.58, granted August 13, 2015. The options vest over two years, 25% every six months, all of which are exercisable within 60 days of this filing. On January 19, 2016, 50,000 options to purchase common stock at an exercise price of $0.41 were granted to Mr. Mayr. The options vested immediately and are exercisable at the time of this filing. On January 18, 2017, 50,000 options to purchase common shares at an exercise price of $0.89 were granted to Mr. Mayr. The options vested immediately and are exercisable at the time of this filing.

Ms. Paiement's beneficial ownership consists of 50,000 common stock resulting from the exercise of stock options at $0.41 in November, 2011 and 10,000 common stock resulting from the exercise of stock options at $0.51 on June 13, 2017. On January 19, 2016, 75,000 options to purchase common stock at an exercise price of $0.41 were granted to Ms. Paiement. The options vest over two years, 25% every six months, 56,250 of which are exercisable within 60 days of this filing.

Dr. Matzen’s beneficial ownership consists of 200,000 options to purchase common stock at an exercise price of $0.73, granted September 15, 2016. The options vest over two years, 25% every six months, 50,000 of which are exercisable within 60 days of this filing.

Mr. Nawacki’s beneficial ownership consists of 75,000 options to purchase common stock at an exercise price of $0.73, granted September 15, 2016. The options vest over two years, 25% every six months, 18,750 of which are exercisable within 60 days of this filing. On January 18, 2017, 50,000 options to purchase common shares at an exercise price of $0.89 were granted to Mr. Nawacki. The options vested immediately and are exercisable at the time of this filing.
CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS

Review, Approval or Ratification of Transactions with Related Persons

Although IntelGenx has not adopted formal procedures for the review, approval or ratification of transactions with related persons, we adhere to a general policy that such transactions should only be entered into if they are on terms that, on the whole, are no more favorable, or no less favorable, than those available from unaffiliated third parties and their approval is in accordance with applicable law. Such transactions require the approval of our Board. The term “related party transaction” refers to transactions required to be disclosed in our filings with the SEC pursuant to Item 404 of Regulation S-K.

Prior to his appointment as Director of IntelGenx Technologies Corp., from February 2016 to July 2016, Mr. Nawacki served as a member of the Scientific Advisory Board of IntelGenx Corp. In his capacity as consultant on the Advisory Board, Mr. Nawacki received a total compensation of $3,579 during this time. Mr. Nawacki received director fees commencing August 2016.

Family Relationships

Horst G. Zerbe and Ingrid Zerbe are husband and wife.

DESCRIPTION OF CAPITAL STOCK

The authorized share capital of the Corporation consists of 200,000,000 shares of common stock with a par value of US$0.00001 and 20,000,000 shares of preferred stock with a par value of US$0.00001. As at June 28, 2017, there were 65,707,021 Shares and no preferred stock issued and outstanding.

Changes to Capital Structure

On March 8, 2017, the board of directors of the Corporation unanimously adopted a resolution approving, subject to the approval of the Corporation’s shareholders, an amendment to the constating documents of the Corporation to increase the authorized capital of the Corporation from 100,000,000 Shares to 200,000,000 Shares. The shareholders of the Corporation approved the amendment to the constating documents on May 9, 2017 and the amendment went effective on May 11, 2017.

Common Stock

The holders of common stock are entitled to one vote per share on all matters voted on by stockholders, including the election of directors. Except as otherwise required by law, the holders of common stock exclusively possess all voting power. The holders of common stock are entitled to dividends as may be declared from time to time by the Board from funds available for distribution to holders. No holder of common stock has any pre-emptive right to subscribe to any securities of ours of any kind or class or any cumulative voting rights. The outstanding shares of common stock are, and the shares, upon issuance and sale as contemplated will be, duly authorized, validly issued, fully paid and non-assessable.

Anti-Takeover Effects of Various Provisions of Delaware Law and Our Certificate of Incorporation and By-laws

The Delaware General Corporation Law, our certificate of incorporation and our by-laws contain provisions that may have some anti-takeover effects and may delay, defer or prevent a tender offer or takeover attempt that a stockholder might consider in his, her or its best interest, including those attempts that might result in a premium over the market price for the shares held by stockholders.

Delaware Anti-Takeover Statute

We are subject to Section 203 of the Delaware General Corporation Law (“Section 203”). Subject to specific exceptions, Section 203 prohibits a publicly held Delaware corporation from engaging in a “business combination” with an “interested stockholder” for a period of three years after the time the stockholder becomes an interested stockholder, unless:

- the business combination, or the transaction in which the stockholder became an interested stockholder, is approved by our board of directors prior to the time the interested stockholder attained that status;
upon consummation of the transaction that resulted in the stockholder becoming an interested stockholder, the interested stockholder owned at least 85% of our voting stock outstanding at the time the transaction commenced, excluding those shares owned by persons who are directors and also officers and employee stock plans in which employee participants do not have the right to determine confidentially whether shares held subject to the plan will be tendered in a tender or exchange offer; or

at or after the time a stockholder became an interested stockholder, the business combination is approved by our board of directors and authorized at an annual or special meeting of stockholders by the affirmative vote of at least two-thirds of our outstanding voting stock that is not owned by the interested stockholder.

“Business combinations” include mergers, asset sales and other transactions resulting in a financial benefit to the interested stockholder. Subject to various exceptions, in general, an “interested stockholder” is a stockholder who, together with his, her or its affiliates and associates, owns, or within three years did own, 15% or more of the shares of our outstanding voting stock. These restrictions could prohibit or delay the accomplishment of mergers or other takeover or change of control attempts with respect to us and, therefore, may discourage attempts to acquire us.

**Preferred Stock**

Our board of directors is authorized to issue all and any of the shares of preferred stock in one or more series, fix the number of shares, determine or alter for each such series voting powers or other rights, qualifications, limitations or restrictions thereof.

**Warrants**

As of the date of this prospectus, we had outstanding warrants to purchase an aggregate of 5,614,358 shares of our common stock at an exercise price of $0.5646. These warrants expire on December 15, 2018.

**DESCRIPTION OF THE SECURITIES WE ARE OFFERING**

The Offering consists of a minimum of CA$5,000,000 and a maximum of CA$10,000,000 aggregate principal amount of 8% convertible unsecured subordinated debentures due June 30, 2020. The following is a summary of the material attributes and characteristics of the Debentures and is subject to, and qualified in its entirety by, reference to the terms of a trust indenture to be dated as of the date of Closing (the “Indenture”), between the Corporation, and TSX Trust Company (the “Debenture Trustee”), as trustee. This summary does not purport to be complete and is subject to and qualified in its entirety by the terms of the Debentures and the Indenture. When used in this registration statement under “Description of the Securities We are Offering” the following terms have the respective meanings set forth below:

“Change of Control” means the acquisition by any person, or group of persons acting jointly or in concert, of voting control or direction of an aggregate of 66 ⅔% or more of the outstanding Shares, or securities convertible into or carrying the right to acquire 66 ⅔% or more of the Shares;

“Current Market Price” means the volume weighted average trading price of the Shares on the TSXV for the 20 consecutive trading days ending on the fifth trading day preceding the date of the applicable event;

“Event of Default” has the meaning given to it in the Indenture, and includes the occurrence and continuation of any one or more of the following events with respect to the Debentures: (a) failure for 10 days to pay interest on the Debentures when due; (b) failure to pay principal or premium, if any, when due on the Debentures, whether at maturity, upon redemption, by declaration or otherwise; (c) certain events of bankruptcy, insolvency or reorganization of the Corporation under bankruptcy or insolvency laws; or (d) default in the observance or performance of any material covenant or condition of the Indenture and continuance of such default for a period of 30 days after notice in writing has been given by the Debenture Trustee to the Corporation specifying such default and requiring the Corporation to rectify the same;

“Interest Payment Date” means the last day of June and December in each year; and

“Share Interest Payment Election” means an election by the Corporation, subject to any required regulatory approvals and provided that no Event of Default has occurred and is continuing, to satisfy all or part of its interest payment obligations by delivering sufficient freely tradeable Shares, at a price per Share equal to the market price (as defined by the policies of the TSXV) on the day before the public announcement by the Corporation of its intention to satisfy its interest payment obligations in Shares.
Debentures, Interest Rate and Maturity

The Debentures to be issued pursuant to the Offering will be issued under the Indenture and will be in the aggregate principal amount of a maximum of CA$10,000,000.

The Debentures will be dated as of the closing of the Offering and will mature on June 30, 2020. The Debentures will be issuable only in denominations of CA$1,000 and integral multiples thereof.

The Debentures will bear interest from and including the date of issue at 8% per annum, which will be payable semi-annually on the last day of June and December of each year commencing on December 31, 2017. The first interest payment will include interest accrued from the closing of the Offering to, but excluding December 31, 2017.

The principal amount of the Debentures will be payable in lawful money of Canada or, at the option of the Corporation and subject to applicable regulatory approval, by delivery of Shares as further described under “Corporation's Option upon Redemption or Maturity”, “Redemption” and “Purchase”. The interest on the Debentures will be payable in lawful money of Canada or, at the option of the Corporation and subject to applicable regulatory approval, by delivery of Shares in accordance with the Share Interest Payment Election as described under “Share Interest Payment Election”.

The Debentures will be direct obligations of the Corporation and will not be secured by any mortgage, pledge, hypothecation or other charge and will be subordinated to other liabilities of the Corporation as described under “Subordination”. The Indenture does not and will not restrict the Corporation from incurring additional indebtedness for borrowed money or from mortgaging, pledging or charging its properties to secure any indebtedness.

Conversion Privilege

The Debentures will be convertible into fully paid and non-assessable Shares at the option of the holder at any time prior to the close of business on the earlier of the Maturity Date and the business day immediately preceding the date fixed for redemption of the Debentures, at the Conversion Price, being a conversion rate of approximately 740 Shares for each CA$1,000 principal amount of Debentures. No adjustment will be made for distributions on Shares issuable upon conversion; however, holders converting their Debentures will receive accrued and unpaid interest thereon for the period from the date of the latest interest payment date to, but excluding, the date of conversion. Notwithstanding the foregoing, no Debentures may be converted during the five business days preceding the last day of June and December in each year, commencing December 31, 2017, as the registers of the Debenture Trustee will be closed during such periods.

Subject to the provisions thereof, the Indenture will provide for the adjustment of the Conversion Price upon the occurrence of certain events, including: (a) the subdivision or consolidation of the outstanding Shares; (b) the distribution of Shares to holders of Shares by way of distribution or otherwise other than an issue of securities to holders of Shares who have elected to receive distributions in securities of the Corporation in lieu of receiving cash distributions paid in the ordinary course; (c) the issuance of options, rights or warrants to holders of Shares entitling them to acquire Shares or other securities convertible into Shares at less than 95% of the then Current Market Price of the Shares; and (d) the distribution to all holders of Shares of any securities or assets (other than cash distributions and equivalent distributions in securities paid in lieu of cash distributions in the ordinary course). There will be no adjustment of the Conversion Price in respect of any event described in (b), (c) or (d) above if the holders of the Debentures are allowed to participate as though they had converted their Debentures prior to the applicable record date or effective date. The Corporation will not be required to make adjustments in the Conversion Price unless the cumulative effect of such adjustments would change the Conversion Price by at least 1%.

In the case of any reclassification or capital reorganization (other than a change resulting from consolidation or subdivision) of the Shares, or in the case of any consolidation, combination or merger of the Corporation with or into any other entity, or in the case of any sale or conveyance of the properties and assets of the Corporation as, or substantially as, an entirety to any other entity, or a liquidation, dissolution or winding-up of the Corporation, the terms of the conversion privilege shall be adjusted so that each holder of a Debenture shall, after such reclassification, capital reorganization, consolidation, combination, merger, sale, conveyance, liquidation, dissolution or winding-up, be entitled to receive the number of Shares or other securities or other property on the exercise of the conversion right that such holder would be entitled to receive if on the effective date thereof, it had been the holder of the number of Shares into which the Debenture was convertible prior to the effective date of such reclassification, capital reorganization, consolidation, combination, merger, sale, conveyance, liquidation, dissolution or winding-up.

No fractional Shares will be issued on any conversion, but in lieu thereof, the Corporation shall satisfy fractional interests by a cash payment equal to the Current Market Price of any fractional interest.
Redemption

The Debentures will not be redeemable prior to the First Call Date. On and after the First Call Date, but prior to June 30, 2019, the Debentures will be redeemable, in whole or in part, at a price equal to the principal amount thereof, plus accrued and unpaid interest, at the Corporation’s sole option on not more than 60 days’ and not less than 30 days’ prior notice, provided that the Current Market Price on the date on which notice of redemption is given is not less than 125% of the Conversion Price. On or after June 30, 2019 and prior to the Maturity Date, the Debentures will be redeemable, in whole or in part, at a price equal to the principal amount thereof, plus accrued and unpaid interest, at the Corporation’s sole option on not more than 60 days’ and not less than 30 days’ prior notice.

In the case of redemption of less than all of the Debentures, the Debentures to be redeemed will be selected by the Debenture Trustee on a pro rata basis or in such other manner as the Debenture Trustee deems equitable, subject to the consent of the TSXV.

Purchase

Provided that no Event of Default has occurred and is continuing, the Corporation will have the right to purchase for cancellation Debentures in the market, by tender or by private contract, subject to regulatory requirements.

Corporation's Option upon Redemption or Maturity

Upon redemption by the Corporation as set forth above or at maturity, the Corporation will repay the indebtedness represented by the Debentures by paying to the Debenture Trustee in lawful money of Canada an amount required to repay the principal amount of the outstanding Debentures, together with accrued and unpaid interest thereon. The Corporation may, at its option, on not more than 60 days’ and not less than 30 days’ prior notice and subject to applicable regulatory approvals and the conditions set out in the Indenture, elect to satisfy its obligation to repay all or any portion of the principal amount of and premium (if any) on the Debentures that are to be redeemed or that are to mature, as the case may be, by issuing and delivering freely tradeable Shares to the holders of the Debentures. The number of Shares to be issued in respect of each Debenture will be determined by dividing $1,000 by 95% of the Current Market Price on the date fixed for redemption or maturity, as the case may be. No fractional Shares will be issued on redemption or maturity but in lieu thereof the Corporation shall satisfy fractional interests by a cash payment equal to the Current Market Price of any fractional interest.

Share Interest Payment Election

The Corporation may elect, from time to time, subject to regulatory approvals and provided that no Event of Default has occurred and is continuing, to satisfy, subject to securing all necessary regulatory approvals and on not more than 30 days’ and not less than 15 days’ prior notice, its obligation to pay interest, net of any applicable withholding tax, as applicable, on the Debentures (the “Interest Obligation”) on the date it is payable under the Indenture (an “Interest Payment Date”), by issuing a sufficient number of Shares, at a price per Share equal to the market price (as defined by the policies of the TSXV) on the day before the public announcement by the Corporation of its intention to satisfy all or any part of the Interest Obligation in Shares in accordance with the Indenture.

The Indenture sets forth the procedures to be followed by the Corporation and the Debenture Trustee in order to effect the Share Interest Payment Election. If a Share Interest Payment Election is made, the Corporation will deliver, for each CA$40.00 of semi-annual interest amount, that number of freely tradeable, fully paid and non-assessable Shares obtained by dividing each CA$40.00 of interest amount by the Current Market Price of the Shares on the day before the public announcement by the Corporation of its intention to satisfy its Interest Payment Obligation in Shares.

Subordination

The payment of the principal of, and interest on, the Debentures will be subordinated in right of payment, as set forth in the Indenture, to the prior payment in full of all Senior Indebtedness of the Corporation, including indebtedness under the Corporation’s present and future bank credit facilities and any other secured creditors. “Senior Indebtedness” of the Corporation is defined in the Indenture as the principal of and premium, if any, and interest on and other amounts in respect of all indebtedness of the Corporation (whether outstanding as at the date of the Indenture or thereafter incurred) other than indebtedness evidenced by the Debentures and all other existing and future debentures or other instruments of the Corporation which, by the terms of the instrument creating or evidencing the indebtedness, is expressed to be pari passu with, or subordinate in right of payment to, the Debentures. Subject to statutory or preferred exceptions or as may be specified by the terms of any particular securities, each Debenture issued under the Indenture will rank pari passu with each other Debenture, and with all other present and future subordinated and unsecured indebtedness of the Corporation except for sinking fund provisions (if any) applicable to different series of debentures or similar obligations of the Corporation. The Debentures will not limit the ability of the Corporation to incur additional indebtedness, including indebtedness that ranks senior to the Debentures, or from mortgaging, pledging or charging its properties to secure any indebtedness.
The Indenture will provide that in the event of any insolvency or bankruptcy proceedings, or any receivership, liquidation, reorganization or other similar proceedings relative to the Corporation, or to its property or assets, or in the event of any proceedings for voluntary liquidation, dissolution or other winding-up of the Corporation, whether or not involving insolvency or bankruptcy, or any marshalling of the assets and liabilities of the Corporation, then those holders of Senior Indebtedness will receive payment in full before the holders of Debentures will be entitled to receive any payment or distribution of any kind or character, whether in cash, property or securities, which may be payable or deliverable in any such event in respect of any of the Debentures or any unpaid interest accrued thereon. The Indenture will also provide that the Corporation will not make any payment, and the holders of the Debentures will not be entitled to demand, institute proceedings for the collection of, or receive any payment or benefit (including, without any limitation, by set-off, combination of accounts or realization of security or otherwise in any manner whatsoever) on account of indebtedness represented by the Debentures (a) in a manner inconsistent with the terms (as they exist on the date of issue) of the Debentures or (b) at any time when an event of default has occurred under the Senior Indebtedness and is continuing and the notice of such event of default has been given by or on behalf of the holders of Senior Indebtedness to the Corporation, unless the Senior Indebtedness has been repaid in full.

The Debentures will also be effectively subordinated to claims of creditors of the Corporation’s subsidiaries, except to the extent the Corporation is a creditor of such subsidiaries ranking at least pari passu with such other creditors.

Change of Control of the Corporation

Within 30 days following the occurrence of a Change of Control, the Corporation shall make an offer in writing to purchase all the Debentures then outstanding (the “Debenture Offer”), at a price equal to 101% of the principal amount thereof plus accrued and unpaid interest (the "Debenture Offer Price").

The Indenture contains notification and repurchases provisions requiring the Corporation to give written notice to the Debenture Trustee of the occurrence of a Change of Control within 30 days of such event together with the Debenture Offer. The Debenture Trustee will thereafter promptly mail to each holder of Debentures a notice of the Change of Control together with a copy of the Debenture Offer to repurchase all the outstanding Debentures.

If 90% or more of the aggregate principal amount of the Debentures outstanding on the date of the giving of notice of the Change of Control have been tendered to the Corporation pursuant to the Debenture Offer, the Corporation will have the right but not the obligation to redeem all the remaining Debentures at the Debenture Offer Price. Notice of such redemption must be given by the Corporation to the Debenture Trustee within 10 days following the expiry of the Debenture Offer, and as soon as possible thereafter, by the Debenture Trustee to the holders of the Debentures not tendered pursuant to the Debenture Offer.

Events of Default

The Indenture will provide that an Event of Default in respect of the Debentures will occur if any one or more of the following described events has occurred and is continuing with respect to the Debentures: (a) failure for 10 days to pay interest on the Debentures when due; (b) failure to pay principal or premium, if any, when due on the Debentures, whether at maturity, upon redemption, by declaration or otherwise; (c) certain events of bankruptcy, insolvency or reorganization of the Corporation under bankruptcy or insolvency laws; or (d) default in the observance or performance of any material covenant or condition of the Indenture and continuance of such default for a period of 30 days after notice in writing has been given by the Debenture Trustee to the Corporation specifying such default and requiring the Corporation to rectify the same. If an Event of Default has occurred and is continuing, the Debenture Trustee may, in its discretion, and shall upon request of holders of not less than 25% of the principal amount of Debentures then outstanding, declare the principal of and interest on all outstanding Debentures to be immediately due and payable. In certain cases, the holders of more than 50% of the principal amount of the Debentures then outstanding may, on behalf of the holders of all Debentures, waive any Event of Default and/or cancel any such declaration upon such terms and conditions as such holders shall prescribe.

Offers for Debentures

The Indenture will contain provisions to the effect that if an offer is made for the Debentures that would be a take-over bid within the meaning of National Instrument 62-104 – Take-Over Bids and Issuer Bids and not less than 90% of the Debentures (other than Debentures held at the date of the take-over bid by or on behalf of the offeror or associates or affiliates of the offeror) are taken up and paid for by the offeror, the offeror will be entitled to acquire the Debentures held by the holders of Debentures who did not accept the offer on the terms offered by the offeror.

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Modification

The rights of the holders of the Debentures may be modified in accordance with the terms of the Indenture. For that purpose, among others, the Indenture will contain certain provisions that will make binding on all holders of Debentures resolutions passed at meetings of the holders of Debentures by votes cast thereat by holders of not less than 66 2/3% of the principal amount of the Debentures present at the meeting or represented by proxy, or rendered by instruments in writing signed by the holders of not less than 66 2/3% of the principal amount of the Debentures then outstanding.

No Fractional Shares

No fractional Shares will be issued on any conversion, but in lieu thereof, the Corporation shall satisfy fractional interests by a cash payment equal to the Current Market Price of each such fractional interest.

Book-Entry System for Debentures

The Debentures will be issued in “book-entry only” form and must be purchased or transferred through a participant in the depository service of CDS (a “Participant”). On Closing, the Debenture Trustee will cause the Debentures to be delivered to CDS and registered in the name of its nominee. It is anticipated that the Debentures will be deposited electronically with CDS or its nominees. Registration of interests in and transfers of the Debentures will be made only through the depository service of CDS.

Except as described below, a purchaser acquiring a beneficial interest in the Debentures (a “Beneficial Owner”) will not be entitled to a certificate or other instrument from the Debenture Trustee or CDS evidencing that purchaser’s interest therein, and such purchaser will not be shown on the records maintained by CDS, except through a Participant. Such purchaser will receive a confirmation of purchase from the Agents or other registered dealer from whom Debentures are purchased.

Neither the Corporation nor the Agents will assume any liability for: (a) any aspect of the records relating to the beneficial ownership of the Debentures held by CDS or the payments relating thereto; (b) maintaining, supervising or reviewing any records relating to the Debentures; or (c) any advice or representation made by or with respect to CDS and contained in this prospectus and relating to the rules governing CDS or any action to be taken by CDS or at the direction of its Participants. The rules governing CDS provide that it acts as the agent and depository for the Participants. As a result, Participants must look solely to CDS and Beneficial Owners must look solely to Participants for the payment of the principal and interest on the Debentures paid by or on behalf of the Corporation to CDS.

As indirect holders of Debentures, investors should be aware that they (subject to the situations described below): (a) may not have Debentures registered in their name; (b) may not have physical certificates representing their interest in the Debentures; (c) may not be able to sell the Debentures to institutions required by law to hold physical certificates for securities they own; and (d) may be unable to pledge Debentures as security.

The Debentures will be issued to Beneficial Owners in fully registered and certificate form (the “Debenture Certificates”) only if: (a) they are required to be so issued by applicable law; (b) the book-entry only system ceases to exist; (c) the Corporation or CDS advises the Debenture Trustee that CDS is no longer willing or able to properly discharge its responsibilities as depository with respect to the Debentures and the Corporation is unable to locate a qualified successor; (d) the Corporation, at its option, decides to terminate the book-entry only system through CDS; or (e) after the occurrence of an Event of Default, Participants acting on behalf of Beneficial Owners representing, in the aggregate, not less than 25% of the aggregate principal amount of the Debentures then outstanding advise CDS in writing that the continuation of a book-entry only system through CDS is no longer in their best interest, provided the Debenture Trustee has not waived the Event of Default in accordance with the terms of the Indenture.

Upon the occurrence of any of the events described in the immediately preceding paragraph and receipt of a written notice from the Corporation confirming such event has occurred, the Debenture Trustee must notify CDS, for and on behalf of Participants and Beneficial Owners, of the availability of Debenture Certificates. Upon receipt of instructions from CDS for the new registrations, the Debenture Trustee will deliver the Debentures in the form of Debenture Certificates and thereafter the Corporation will recognize the holders of such Debenture Certificates as debentureholders under the Indenture.

Interest on the Debentures will be paid directly to CDS while the book-entry only system is in effect. If Debenture Certificates are issued, interest will be paid by cheque drawn on the Corporation and sent by prepaid mail to the registered holder or by such other means as may become customary for the payment of interest. Payment of principal and premium, if any, including payment in the form of Shares, if applicable, and the interest due at maturity or on a redemption date, will be paid directly to CDS while the book-entry only system is in effect.
If Debenture Certificates are issued, payment of principal and premium, if any, including payment in the form of Shares, if applicable, and interest due at maturity or on a redemption date, will be paid upon surrender thereof at any office of the Debenture Trustee or as otherwise specified in the Indenture.

**Governing Law**

Each of the Indenture and the Debentures will be governed by, and will be construed in accordance with, the laws of the Province of Québec.

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**LEGAL PROCEEDINGS**

**Litigation related to Forfivo XL ®**

In August 2013, we announced receipt of a Paragraph IV Certification Letter from Wockhardt Bio AG, advising of the submission of an ANDA to the FDA requesting authorization to manufacture and market generic versions of Forfivo XL ® 450 mg tablets in the U.S. In November 2014, we announced that the Paragraph IV litigation with Wockhardt had been settled and that, under the terms of the settlement effective November 26, 2014, Wockhardt has been granted the rights, with effect from January 15, 2018, to be the exclusive marketer and distributor of an authorized generic of Forfivo XL ® in the U.S.

**Litigation related to Buprenorphine/Naloxone**

In August 2013 we learned that, in response to the July 2013 filing of an ANDA by Par, for our generic formulation of buprenorphine and naloxone Sublingual Film, indicated for the treatment of opioid dependence, we were named as a defendant in a lawsuit pursuant to Paragraph IV litigation filed by Reckitt Benckiser Pharmaceuticals and Monosol RX in the U.S. District Court for the District of Delaware alleging infringement of U.S. Patent Nos. 8,475,832 (“the ‘832 patent”), 8,603,514 (“the ‘514 patent”) and 8,017,150 (“the ‘150 patent”), each of which relate to Suboxone ®. On June 2016 we received a trial opinion from Judge Andrews in which the asserted claims of the ‘832 patent and ‘150 patent were found either invalid or not infringed, while at least one of the alleged claims of the ‘514 patent was found valid and infringed by the ANDA product. A post-judgment motion was filed to introduce additional evidence related to the definition of the term “dried” for the judge’s consideration in support of our non-infringement position concerning the ANDA product. The additional evidence was presented during the trial on the ‘497 patent in November 2016. We still believe the ANDA product does not infringe the ‘514 patent or any other patents, and will vigorously defend ourselves in this matter. In accordance with the terms of the co-development and commercialization agreement, Par is financially responsible for the costs of this defense. Since Paragraph IV litigation is a regular part of the ANDA process, we were expecting Reckitt Benckiser and Monosol RX to launch suit, and the litigation timeline has been incorporated in our overall launch timeline.

In December 2014, Reckitt Benckiser Pharmaceuticals and Monosol RX filed a lawsuit for patent infringement in the U.S. District Court for the District of Delaware relating to the Suboxone ® ANDA product. We were named as a defendant in this action alleging patent infringement United States Patent Nos. 8,900,497 (“the ‘497 patent”) and 8,906,277 (“the ‘277 patent”), each of which relate to a process for making a uniform oral film (“the process patents”). The trial for the process patent was held in November 2016. We believe the ANDA product relating to Suboxone ® does not infringe those process patents or any other patents, and will vigorously defend ourselves in this matter. In accordance with the terms of the co-development and commercialization agreement, Par is financially responsible for the costs of this defense.

In June 2017, an inter partes reviews (or IPR) petition filed by Mylan Pharmaceutical for the ‘514 patent was instituted by the Patent Trial and Appeal Board (PTAB) of the USPTO (IPR2017-00200). The institution of the IPR petition open the door to other interested parties to filing their own IPR petition along with a motion for joinder to the IPR2017-00200. Par Pharmaceutical and IntelGenx Corp. filed their own IPR Petition (IPR2017-01557) for the ‘514 patent along with a joinder motion to join IPR2017-00200 concerning the ‘514 patent. In accordance with the terms of the co-development and commercialization agreement, Par is financially responsible for the costs of this procedure.

**Litigation related to INT0007 Tadalafil VersaFilm™**

On February 26, 2016, we filed a request for inter partes reviews (or IPR) in the United States Patent and Trademark Office (USPTO) of patent no. 6,943,166 owned by ICOS Corporation (wholly owned by Eli Lilly & Company), the ‘166 patent, to challenge its validity and remove any infringement liability concerning our tadalafil oral film. On September 1, 2016, the USPTO decided not to institute the inter partes review for the ‘166 Patent. The USPTO’s decision was purely on statutory grounds and based on a technicality (in that the IPR was not addressing an essential element of the claim). On October 3, 2016, we filed a Request for Rehearing, requesting reconsideration of the USPTO’s decision denying institution of the IPR. On November 16, 2016, we withdrew our Request for Rehearing and signed a binding term sheet with Eli Lilly & Company granting us a license for the commercialization of our tadalafil oral film upon FDA approval of the product and post expiration of the compound patent (US pat. No. 5,859,006).

There are no additional material pending legal proceedings to which we are a party or to which any of our property is subject and to the best of our knowledge, no such additional actions against us are contemplated or threatened.
PLAN OF DISTRIBUTION

We have engaged the Agents pursuant to an agency agreement (the “Agency Agreement”) dated as of June 27, 2017 to offer for sale, on a best efforts basis, a minimum of CA$5,000,000 and a maximum of CA$10,000,000 principal amount of Debentures. The obligations of the Agents under the Agency Agreement are conditional and may be terminated in their discretion on the basis of their assessment of the state of the financial markets and in certain other stated circumstances. The Offering Price was determined by arm’s length negotiation between us and the Lead Agent. Any sales in the United States will only be made by U.S. registered broker-dealers.

The minimum amount of funds to be raised under the Offering (previously defined as the Minimum Offering) is CA$5,000,000.

The Agency Agreement provides that the Corporation will not sell or issue, or announce its intention to authorize, sell or issue, or negotiate or enter into an agreement to sell or issue any securities of the Corporation, excluding securities issued under the Corporation's stock option plan, currently outstanding share purchase warrants of the Corporation or other convertible securities of the Corporation, other than pursuant to the Offering until the date that is 90 days after the Closing, without the prior written consent of the Lead Agent, which consent will not be unreasonably withheld or delayed.

In addition, pursuant to the Agency Agreement, the Corporation will agree to use its best efforts to cause its directors and senior officers to enter into agreements in favour of the Agents, pursuant to which each of such individuals will agree, for a period of 90 days after the Closing, not sell, or announce its intention to authorize or sell, or negotiate or enter into an agreement to sell any securities of the Corporation, without the prior written consent of the Lead Agent, which consent will not be unreasonably withheld or delayed.

Subscriptions for Debentures will be received subject to rejection or allotment in whole or in part and the right is reserved to close the subscription books at any time without notice. Subject to the sale in Debentures of at least CA$5,000,000, it is expected that Closing will be held on or about July 12, 2017, or such other date as the Corporation and the Agents may agree upon. The Debentures will be issued in “book-entry only” form and must be purchased or transferred through a participant in the depository service of CDS. “See Description of the Securities We are Offering”.

Pursuant to applicable Canadian and U.S. regulatory restrictions, the Agents may not, throughout the period of distribution, bid for or purchase any Shares or Debentures. These restrictions allow certain exceptions. The Agents may only avail themselves of such exceptions on the condition that the bid or purchase not be engaged in for the purpose of creating actual or apparent active trading in, or raising the price of, the Shares or the Debentures. These exceptions include a bid or purchase for Shares permitted under the by-laws and rules of the TSXV relating to market stabilization and passive market making activities and a bid or purchase made for and on behalf of a customer where the order was not solicited during the period of distribution. Pursuant to the first mentioned exception, in connection with this Offering the Agents may undertake transactions which stabilize or maintain the market price of the Shares or the Debentures at levels other than those which otherwise might prevail on the open market. Such transactions, if commenced, may be discontinued at any time.

Commissions and Expenses

The Agency Agreement provides for an Agency Fee, payable in cash, equal to 6% of the gross proceeds of the Offering (CA$60 per CA$1,000 principal amount of Debentures), for an aggregate cash commission of CA$600,000 (assuming completion of the Maximum Offering).

We estimate the total offering expenses of this offering that will be payable by us, excluding the Agency Fee, will be approximately CA$450,000 which includes legal and printing costs, various other fees and reimbursement of the Agents’ expenses.

Indemnification

We have agreed to indemnify the Agents and their respective affiliates and their respective directors, officers, employees, partners, agents, advisors and shareholders against certain liabilities. We have also agreed to contribute to payments the Agents may be required to make in respect of such liabilities.

Electronic Distribution

This prospectus may be made available in electronic format on websites or through other online services maintained by the Agents, or by an affiliate. Other than this prospectus in electronic format, the information on the Agents’ website and any information contained in any other website maintained by the Agents is not part of this prospectus or the registration statement of which this prospectus forms a part, has not been approved and/or endorsed by us or the Agents, and should not be relied upon by investors.

The foregoing does not purport to be a complete statement of the terms and conditions of the Agency Agreement. A copy of the Agency Agreement is included as an exhibit to the registration statement of which this prospectus forms a part. See “Where You Can Find Additional Information” on page 91.
From time to time, the Agents and their affiliates have provided, and may in the future provide, various investment banking, financial advisory and other services to us and our affiliates for which services they have received, and may in the future receive, customary fees. In the course of their businesses, the Agents and their affiliates may actively trade our securities or loans for their own account or for the accounts of customers, and, accordingly, the Agents and their affiliates may at any time hold long or short positions in such securities or loans. Except for services provided in connection with this offering, the Agents have not provided any investment banking or other financial services during the 180-day period preceding the date of this prospectus and we do not expect to retain the Agents to perform any investment banking or other financial services for at least 90 days after the date of this prospectus.

The offering of securities pursuant to this prospectus shall also comply with the rules and regulations of the TSXV.

LEGAL MATTERS

The validity of the Shares offered hereby will be passed upon by Dorsey & Whitney, LLP and the validity of the Debentures offered hereby will be passed upon by McCarthy Tetrault LLP.

CERTAIN U.S. FEDERAL INCOME TAX CONSIDERATIONS

This section is a discussion of certain U.S. federal income tax considerations relating to the purchase, ownership, disposition and conversion of the Debentures and the ownership and disposition of the Shares into which the Debentures may be converted. This summary does not provide a complete analysis of all potential U.S. federal income tax considerations. The information provided below is based on existing U.S. federal income tax authorities, all of which are subject to change or differing interpretations, possibly with retroactive effect. There can be no assurance that the Internal Revenue Service (the “IRS”) will not challenge one or more of the tax consequences described herein, and we have not obtained, nor do we intend to obtain, a ruling from the IRS with respect to the U.S. federal income tax consequences of purchasing, owning, disposing of or converting the Debentures or owning or disposing of the Shares into which the Debentures may be converted. This summary generally applies only to beneficial owners of the Debentures that purchase their Debentures in this offering for an amount equal to the issue price of the Debentures, which is the first price at which a substantial amount of the Debentures is sold for money to investors (not including sales to bond houses, brokers or similar persons or organizations acting in the capacity of underwriters, placement agents or wholesalers), and that hold the Debentures and Shares as “capital assets” within the meaning of Section 1221 of the Internal Revenue Code of 1986, as amended (the “Code”) (generally, property held for investment). This discussion does not purport to deal with all aspects of U.S. federal income taxation that may be relevant to a particular beneficial owner in light of the beneficial owner’s circumstances (for example, persons subject to the alternative minimum tax provisions of the Code, or a U.S. holder (as defined below) whose “functional currency” is not the U.S. dollar). Also, this summary is not intended to be wholly applicable to all categories of investors, some of which may be subject to special rules (such as partnerships and pass-through entities and investors in such entities, dealers in securities or currencies, traders in securities that elect to use a mark-to-market method of accounting, banks, thrifts, regulated investment companies, real estate investment trusts, insurance companies, tax-exempt entities, tax-deferred or other retirement accounts, certain former citizens or residents of the United States, controlled foreign corporations, passive foreign investment companies, subchapter S corporations, persons holding the Debentures or Shares as part of a hedging, conversion or integrated transaction or a straddle, or persons deemed to sell the Debentures or Shares under the constructive sale provisions of the Code). Finally, this summary does not address the potential application of the Medicare contribution tax on net investment income, the effects of the U.S. federal estate and gift tax laws or any applicable state, local or non-U.S. laws.


As used herein, the term “U.S. holder” means a beneficial owner of the Debentures or the Shares into which the Debentures may be converted that, for U.S. federal income tax purposes, is (1) an individual who is a citizen or resident of the United States, (2) a corporation, or an entity treated as a corporation for U.S. federal income tax purposes, created or organized in or under the laws of the United States or any state of the United States, or the District of Columbia, (3) an estate the income of which is subject to U.S. federal income taxation regardless of its source, or (4) a trust if it (x) is subject to the primary supervision of a U.S. court and one or more U.S. persons has the authority to control all substantial decisions of the trust or (y) has a valid election in effect under applicable U.S. Treasury regulations to be treated as a U.S. person.

A “Non-U.S. holder” is a beneficial owner of the Debentures or the Shares into which the Debentures may be converted (other than a partnership, including an entity or arrangement treated as a partnership for U.S. federal income tax purposes) that is not a U.S. holder.
If a partnership (including an entity or arrangement, domestic or foreign, treated as a partnership for U.S. federal income tax purposes) holds Debenture or Shares acquired upon conversion of a Debenture, the U.S. federal income tax treatment of a partner in the partnership will depend upon the status of the partner and the activities of the partnership. A holder of a Debenture or Shares acquired upon conversion of a Debenture that is a partnership, and partners in such partnership, should consult their own tax advisors about the U.S. federal income tax consequences of purchasing, owning, disposing of, or converting such Debenture and owning and disposing of the Shares into which the Debentures may be converted.

**Characterization of the Debentures**

We believe that the Debentures should be treated as debt instruments for U.S. federal income tax purposes and intend to treat them as such. Whether the Debentures are properly treated as debt or equity for U.S. federal income tax purposes is a highly factual inquiry, and the IRS may take the position that the Debentures are properly treated as equity. If the Debentures were treated as equity rather than debt, the U.S. federal income tax consequences would be materially and adversely different than those described herein. Holders should consult their own tax advisors concerning the consequences of characterizing the Debentures as debt or equity. The following discussion assumes that the Debentures will be respected as debt.

**U.S. Holders**

**Taxation of Interest**

U.S. holders will be required to recognize as ordinary income any stated interest paid or accrued on the Debentures, in accordance with their regular method of tax accounting.

It is expected, and this discussion assumes, that the Debentures will be issued without original issue discount for United States federal income tax purposes. There can be no assurance, however, that the IRS will agree with this conclusion.

U.S. holders should obtain a tax basis in any Shares received under the Share Interest Payment Election equal to the interest income that was satisfied by the receipt of such Shares.

See “— Foreign Currency Considerations” below for additional tax consequences related to the Debentures being denominated in Canadian dollars and to the receipt of Shares under the Share Interest Payment Election.

**Early Redemption Rights**

In certain circumstances, we may choose to or may be obligated to, redeem the Debentures prior to the Maturity Date. See “Description of the Securities We Are Offering — Redemption and Purchase,” and “Description of the Securities We Are Offering — Change of Control of the Corporation.” These possibilities may implicate the provisions of Treasury Regulations relating to “contingent payment debt instruments.” We believe there is only a remote possibility that we will redeem the Debentures prior to the Maturity Date, and we therefore intend to take the position that the Debentures are not contingent payment debt instruments. U.S. holders may not take a contrary position unless the holder discloses the contrary position to the IRS in the manner required by applicable Treasury Regulations. Assuming the foregoing positions are respected by the IRS, any premium paid to the holder as part of a redemption prior to the Maturity Date, whether on a repurchase upon the occurrence of a change of control triggering event or otherwise, is expected to be taxed as capital gain under the rules described under “— Sale, Exchange or Redemption of Debentures.”

Our positions described in this section are not binding on the IRS. If the IRS successfully challenged our positions, and the Debentures were treated as contingent payment debt instruments, the holder would, among other things, be required to accrue interest income based upon a “comparable yield” (as defined in the Treasury Regulations) determined at the time of issuance of the Debentures. Adjustments to such accruals would generally be required to be made if any contingent payments are made that differ from the payments based on a “projected payment schedule” (as defined in the Treasury Regulations) and to treat any gain recognized on the sale, exchange, redemption or other disposition of a Debenture as ordinary income rather than as capital gain. The remainder of this discussion assumes that the positions described above are respected by the IRS. A U.S. holder should consult its own tax advisors regarding the possible application of the contingent payment debt instrument rules to the Debentures.
Sale, Exchange, Redemption or Other Taxable Disposition of the Debentures

A U.S. holder generally will recognize capital gain or loss if the holder disposes of a Debenture in a sale, exchange, redemption or other taxable disposition (other than conversion of a Debenture into Shares or into a combination of cash and Shares, the U.S. federal income tax consequences of which are described under “Conversion of Debentures” below). The U.S. holder’s gain or loss will equal the difference between the amount realized by the holder (other than amounts attributable to accrued but unpaid interest) and the holder’s tax basis in the Debenture. The amount realized by the U.S. holder will include the amount of any cash and the fair market value of any other property received for the Debenture. The U.S. holder’s tax basis in the Debenture generally will equal the amount the holder paid for the Debenture. The portion of any amount realized that is attributable to accrued interest will not be taken into account in computing the U.S. holder’s capital gain or loss. Instead, that portion will be taxed as ordinary interest income as described above to the extent that the U.S. holder has not previously included the accrued interest in income. The gain or loss recognized by the U.S. holder on the disposition of the Debenture generally will be long-term capital gain or loss if the holder held the Debenture for more than one year, or short-term capital gain or loss if the holder held the Debenture for one year or less, at the time of the transaction. Long-term capital gains of non-corporate taxpayers generally are taxed at reduced rates. Short-term capital gains are taxed at ordinary income rates. The deductibility of capital losses is subject to limitations.

See “— Foreign Currency Considerations” below for additional tax consequences related to the Debentures being denominated in Canadian dollars.

Foreign Currency Considerations

Payments of Interest in Canadian Dollars

If a U.S. holder uses the cash method of accounting for United States federal income tax purposes, the holder will be required to include in the holder’s gross income the U.S. dollar value of the Canadian dollars interest payment on the date the holder receives it (based on the U.S. dollar spot rate for Canadian dollars on that date), regardless of whether the holder in fact converts the payment to U.S. dollars at that time. Such a U.S. holder will not recognize foreign currency gain or loss with respect to receipt of such payments, but may have foreign currency gain or loss when the holder actually sells or otherwise disposes of the Canadian dollars, as described below.

If a U.S. holder uses the accrual method of accounting for United States federal income tax purposes, the holder will be required to include in the holder’s gross income the U.S. dollar value of the Canadian dollars amount of interest income that accrues during an accrual period. The U.S. dollar value of the Canadian dollars amount of accrued interest income is generally determined by translating that income at the average U.S. dollar exchange rate for Canadian dollars in effect during the accrual period or, if the accrual period spans two taxable years, the partial period within the taxable year. The U.S. holder may elect, however, to translate the holder’s accrued interest income using: (i) the dollar spot rate for Canadian dollars on the last day of the accrual period, (ii) in the case of a partial accrual period, the spot rate on the last day of the taxable year or (iii) if the date of receipt is within five business days of the last day of the interest accrual period, the spot rate on the date of receipt. That election must be applied consistently to all debt instruments the holder holds from year to year and may not be changed without the consent of the IRS. Prior to making that election, the holder should consult the holder’s own tax advisors.

If a U.S. holder uses the accrual method of accounting for United States federal income tax purposes, the holder may recognize foreign currency gain or loss, which generally will be taxable as ordinary income or loss, with respect to accrued interest income on the date the holder receives the payment of that income. The amount of foreign currency gain or loss the holder recognizes will be the difference, if any, between the U.S. dollar value of the payment in Canadian dollars that the holder receives in respect of the accrued interest (based on the U.S. dollar spot rate for Canadian dollars on the date the holder receives the payment) and the U.S. dollar value of interest income that has accrued during the accrual period (determined as described in the preceding paragraph).

If a U.S. holder receives a payment of interest in Shares under the Share Interest Payment Election, then the U.S. dollar amount so received might not be the same as the U.S. dollar amount required to be recognized as interest income under the rules described above. U.S. holders receiving Shares under the Share Interest Payment Election should consult their own tax advisors regarding the foreign currency exchange gain or loss consequences of such payment.

Exchange or Purchase of Canadian dollars

Canadian dollars received as interest on a Debenture or on a sale, exchange, redemption or other disposition of a Debenture generally will have a tax basis equal to the U.S. dollar value of the Canadian dollars at the spot rate on the date of receipt. If a U.S. holder purchases Canadian dollars, the tax basis of the Canadian dollars will generally be the U.S. dollar value of the Canadian dollars on the date of purchase. Any foreign currency exchange gain or loss recognized on a sale, exchange or other disposition of Canadian dollars (including the use of Canadian dollars to purchase Debentures or upon the exchange of Canadian dollars for U.S. dollars) generally will be treated as ordinary income or loss. Holders should consult their own tax advisors regarding the application of the foreign currency exchange gain or loss rules to them in their particular circumstances.

Foreign Currency Gain or Loss on Sale or Other Disposition of Debentures

If a U.S. holder receives Canadian dollars on the sale, exchange, redemption or other disposition of a Debenture, the U.S. dollar amount realized generally will be based on the U.S. dollar spot rate for Canadian dollars on the date of the disposition. However, if the Debentures are traded on an established securities market and the holder is a cash method U.S. holder or an electing accrual method U.S. holder, the holder will determine the U.S. dollar amount realized by translating the Canadian dollars received at the U.S. dollar spot rate for Canadian dollars on the settlement date of the sale, exchange, redemption or other disposition. If a U.S. holder is an accrual method U.S. holder and the holder makes this election, the election must be applied consistently to all debt instruments from year to year and cannot be changed without the consent of the IRS. If a U.S. holder is an accrual method U.S. holder and the holder does not make this election, the holder will determine the U.S. dollar equivalent of the amount realized by translating that amount at the U.S. dollar spot rate for Canadian dollars on the date of the sale, exchange, redemption or other disposition and generally will recognize foreign currency gain or loss (generally treated as ordinary income or loss) equal to the difference, if any, between the U.S. dollar equivalent of the amount realized based on the spot rates in effect on the date of disposition and the settlement date.

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A U.S. holder's initial tax basis in a Debenture generally will be the holder's cost of the Debenture, which, in the case of a U.S. holder that purchases a Debenture with Canadian dollars, will be the U.S. dollar value of the amount of Canadian dollars paid for such Debenture at the U.S. dollar spot rate for Canadian dollars on the date of purchase.

A U.S. holder will recognize foreign currency gain or loss attributable to the movement in exchange rates between the time of purchase of the Debenture and the time of disposition, including the sale, exchange or redemption, of the Debenture. Gain or loss attributable to the movement in exchange rates will equal the difference between (1) the U.S. dollar value of the Canadian dollar principal amount of the Debenture, determined as of the date the Debenture is disposed of based on the U.S. dollar spot rate for Canadian dollars in effect on that date, and (2) the U.S. dollar value of the Canadian dollar principal amount of such Debenture, determined on the date the holder acquired the Debenture based on the U.S. dollar spot rate for Canadian dollars in effect on that date. For this purpose, the principal amount of the Debenture generally is the holder’s purchase price for the Debenture in Canadian dollars. Any such gain or loss generally will be treated as ordinary income or loss, and not as interest income or expense, and generally will be United States source gain or loss. A U.S. holder will recognize such foreign currency gain or loss to the extent the holder has gain or loss, respectively, on the overall sale or taxable disposition of the Debenture.

Reportable Transaction Reporting

Under applicable Treasury regulations, a U.S. holder who participates in “reportable transactions” (as defined in the Treasury regulations) must attach to the holder’s United States federal income tax return a disclosure statement on IRS Form 8886. Under the relevant rules, a U.S. holder may be required to treat a foreign currency exchange loss from the Debentures as a reportable transaction if this loss exceeds the relevant threshold in the Treasury regulations. A U.S. holder should consult the holder’s own tax advisor regarding the possible obligation to file IRS Form 8886 with respect to the ownership or disposition of the Debentures, or any related transaction, including, without limitation, the disposition of any Canadian dollars received.

Conversion of Debentures

A U.S. holder generally will not recognize any income, gain or loss on the conversion of a Debenture solely into Shares, except with respect to cash received in lieu of a fractional share of Shares and the fair market value of any Shares attributable to accrued and unpaid interest, subject to the discussion under “—U.S. Holders—Constructive Distributions” below regarding the possibility that certain adjustments to the conversion rate of a Debenture may be treated as a taxable dividend. The U.S. holder’s aggregate tax basis in the Shares (including any fractional share for which cash is paid, but excluding shares attributable to accrued and unpaid interest) will equal the U.S. holder’s tax basis in the Debenture. The U.S. holder’s holding period in the Shares (other than shares attributable to accrued and unpaid interest) will include the holding period in the Debenture.

With respect to cash received in lieu of a fractional Share, a U.S. holder will be treated as if the fractional share were issued and received and then immediately redeemed for cash. Accordingly, the U.S. holder generally will recognize gain or loss equal to the difference between the cash received and that portion of the holder’s tax basis in the Shares attributable to the fractional share on a proportionate basis in accordance with its relative fair market value. Any such gain or loss generally would be capital gain or loss and would be long-term capital gain or loss if at the time of the conversion, the Debentures have been held for more than one year.
Any amounts received, including cash and the value of any portion of Shares, attributable to accrued and unpaid interest on the Debentures not yet included in income by a U.S. holder will be taxed as ordinary income. The tax basis in any Shares attributable to accrued and unpaid interest will equal the fair market value of such shares when received. The holding period in any Shares attributable to accrued and unpaid interest will begin on the day after the date of conversion.

A U.S. holder that converts a Debenture between a record date for an interest payment and the next interest payment date and consequently receives a payment of cash interest, as described in “Description of Debentures—Conversion Rights,” should consult its own tax advisors concerning the appropriate treatment of such payment.

U.S. holders should consult their own tax advisors regarding the U.S. federal income tax consequences of the conversion of Debentures into Shares, having regard to such holder's particular circumstances.

Distributions

If, after a U.S. holder acquires Shares upon a conversion of a Debenture, we make a distribution in respect of such Shares from our current or accumulated earnings and profits (as determined under U.S. federal income tax principles), the distribution will be treated as a dividend to the extent of such current or accumulated earnings and profits and will be includible in a U.S. holder's income at the time such holder is treated as receiving such distribution for U.S. federal income tax purposes. If the distribution exceeds our current and accumulated earnings and profits, the excess will be treated first as a tax-free return of the U.S. holder's investment, up to the U.S. holder's tax basis in its Shares (and such holder's tax basis in such Shares would be reduced by a corresponding amount), and any remaining excess will be treated as capital gain from the sale or exchange of the Shares (as described below under "-U.S. Holders-Sale, Exchange or Other Taxable Disposition of Shares"). If the U.S. holder is a U.S. corporation, it would generally be able to claim a dividend received deduction on a portion of any distribution taxed as a dividend, provided that certain holding period and other requirements are satisfied. Subject to certain exceptions, dividends received by non-corporate U.S. holders are taxed at the reduced rates applicable to long-term capital gains, provided that certain holding period requirements are met.

Constructive Distributions

The terms of the Debentures allow for changes in the conversion rate of the Debentures under certain circumstances. A change in conversion rate that allows holders of the Debentures to receive more Shares on conversion may increase such holders' proportionate interests in our earnings and profits or assets. In that case, the holders of the Debentures may be treated as though they received a taxable distribution. A taxable constructive distribution would result, for example, if the conversion rate is adjusted to compensate holders of Debentures for distributions of cash or property to our stockholders. If an event occurs that dilutes the interests of stockholders or increases the interests of holders of the Debentures and the conversion rate of the Debentures is not adjusted (or not adequately adjusted), this also could be treated as a taxable distribution to holders of the Debentures for U.S. federal income tax purposes. Conversely, if an event occurs that dilutes the interests of holders of the Debentures and the conversion rate is not adjusted (or not adequately adjusted), the resulting increase in the proportionate interests of our stockholders could be treated as a taxable distribution to the stockholders. Not all changes in the conversion rate that result in holders of Debentures receiving more Shares on conversion, however, increase such holders' proportionate interests in our earnings and profits or assets. For instance, a change in conversion rate could simply prevent the dilution of the holders' interests upon a stock split or other change in capital structure. Under applicable U.S. tax rules, changes of this type, if made pursuant to a bona fide reasonable adjustment formula, are not treated as constructive stock distributions. Any taxable constructive distribution resulting from a change to, or failure to change, the conversion rate that is treated as a distribution would be treated for U.S. federal income tax purposes in the same manner as an actual distribution on Shares paid in cash or other property, as described above under "-U.S. Holders-Distributions." Generally, a U.S. holder's adjusted tax basis in a Debenture will be increased to the extent that any such taxable constructive distribution is treated as a dividend. U.S. holders should consult their own tax advisors regarding whether any taxable constructive dividends would be eligible for the dividends received deduction (for corporate holders) or the reduced rates described in the previous paragraph (for non-corporate holders), as the requisite applicable holding periods might not be considered to be satisfied in certain circumstances.

We are currently required to report the amount of any deemed distributions on our website or to the IRS and holders of Debentures not exempt from reporting. On April 12, 2016, the IRS proposed Treasury regulations addressing the amount and timing of deemed distributions, obligations of withholding agents and filing and notice obligations of issuers. If adopted as proposed, the Treasury regulations would generally provide that (i) the amount of a deemed distribution is the excess of the fair market value of the right to acquire stock immediately after the conversion rate adjustment over the fair market value of the right to acquire stock without the adjustment, (ii) the deemed distribution occurs at the earlier of the date the adjustment occurs under the terms of the Debenture and the date of the actual distribution of cash or property that results in the deemed distribution, and (iii) we are required to report the amount of any deemed distributions on our website or to the IRS and all holders of the Debentures (including holders of the Debentures that would otherwise be exempt from information reporting). The final Treasury regulations will be effective for deemed distributions occurring on or after the date of adoption, but holders of the Debentures and withholding agents may rely on them prior to that date under certain circumstances.
U.S. holders should consult their own tax advisors regarding the U.S. federal income tax consequences of (a) any adjustments to the conversion rate of Debentures or other events that may give rise to deemed distributions for U.S. federal income tax purposes as described above, and (b) the finalization of the proposed Treasury regulations described above.

Sale, Exchange or Other Taxable Disposition of Shares

A U.S. holder generally will recognize capital gain or loss on a sale, exchange or other taxable disposition of Shares. The U.S. holder’s gain or loss will equal the difference between the proceeds received by the holder and the holder’s tax basis in the Shares. The proceeds received by the U.S. holder will include the amount of any cash and the fair market value of any other property received for the Shares. The gain or loss recognized by a U.S. holder on a sale, exchange or other taxable disposition of Shares will be long-term capital gain or loss if the holder’s holding period in the Shares is more than one year, or short-term capital gain or loss if the holder’s holding period in the Shares is one year or less, at the time of the transaction. Long-term capital gains of non-corporate taxpayers generally are taxed at reduced rates. Short-term capital gains are taxed at ordinary income rates. The deductibility of capital losses is subject to limitations.

See “— Foreign Currency Considerations” above for additional tax consequences related to the receipt of Canadian dollars.

Non-U.S. Holders

The following discussion is limited to the U.S. federal income tax consequences relevant to a Non-U.S. holder (as defined above).

Taxation of Interest

Subject to the discussion below, payments of interest to Non-U.S. holders generally are subject to U.S. federal income tax at a rate of 30% (or a reduced or zero rate under the terms of an applicable income tax treaty between the United States and the Non-U.S. holder’s country of residence), collected by means of withholding by the payor.

Payments of interest on the Debentures to most Non-U.S. holders, however, will qualify as “portfolio interest,” and thus, subject to the discussion below regarding backup withholding and FATCA, will be exempt from U.S. federal income tax, including withholding of such tax, if the Non-U.S. holders are eligible for the portfolio interest exemption and certify their nonresident status as described below.

The portfolio interest exemption will not apply to payments of interest to a Non-U.S. holder that:

- owns, actually or constructively, applying certain attribution rules, shares of our stock representing at least 10% of the total combined voting power of all classes of our stock entitled to vote;
- is a “controlled foreign corporation” that is related, directly or indirectly, to us through stock ownership; or
- is engaged in the conduct of a trade or business in the United States to which such interest payments are effectively connected, and, generally, if an income tax treaty applies, such interest payments are attributable to a U.S. permanent establishment or fixed base maintained by the Non-U.S. holder (see the discussion under “—Non-U.S. Holders—Income or Gains Effectively Connected with a U.S. Trade or Business” below).

In general, a foreign corporation is a controlled foreign corporation if more than 50% of its stock (by vote or value) is owned, actually or constructively, by one or more U.S. persons that each owns, actually or constructively, at least 10% of the corporation’s voting stock.

Each of the portfolio interest exemption, the reduction of the withholding rate pursuant to the terms of an applicable income tax treaty and several of the special rules for Non-U.S. holders described below apply only if the holder certifies its nonresident status in the prescribed manner. A Non-U.S. holder can meet this certification requirement by providing a properly executed IRS Form W-8BEN, IRS Form W-8BEN-E or other appropriate IRS Form W-8 to us or our paying agent prior to the payment. If the Non-U.S. holder holds the Debenture through a financial institution or other agent acting on the holder’s behalf, the holder will be required to provide appropriate documentation to the agent. The Non-U.S. holder's agent will then be required to provide certification to us or our paying agent, either directly or through other intermediaries.

Non-U.S. holders should consult their own tax advisors regarding such holder's eligibility for the reduction or elimination of U.S. withholding tax under applicable U.S. Federal income tax rules, as well as the appropriate manner for certifying such eligibility, in each case having regard to such holder's particular circumstances.

Sale, Exchange, Redemption, Conversion or Other Disposition of Debentures or Shares

Subject to the discussion below regarding backup withholding and FATCA, Non-U.S. holders generally will not be subject to U.S. federal income or withholding tax on any gain realized on the sale, exchange, redemption, conversion or other disposition of Debentures or Shares (other than with respect to payments attributable to accrued and unpaid interest, which will be taxed as described under “—Non-U.S. Holders—Taxation of Interest” above), unless:
• the gain is effectively connected with the conduct by the Non-U.S. holder of a U.S. trade or business (and, generally, if an income tax treaty applies, the gain is attributable to a U.S. permanent establishment or fixed base maintained by the Non-U.S. holder), in which case the gain would be subject to tax as described below under “—Non-U.S. Holders—Income or Gains Effectively Connected with a U.S. Trade or Business;”

• the Non-U.S. holder is an individual who is present in the United States for 183 days or more in the taxable year of disposition and certain other conditions apply, in which case, except as otherwise provided by an applicable income tax treaty, the gain, which may be offset by U.S. source capital losses, would be subject to a flat 30% tax (or lower applicable income tax treaty rate), even though the individual is not considered a resident of the United States; or

• the rules of the Foreign Investment in Real Property Tax Act (or FIRPTA) (described below) treat the gain as effectively connected with a U.S. trade or business.

The FIRPTA rules may apply to a sale, exchange, redemption, conversion or other disposition of Debentures or Shares by a Non-U.S. holder if, at any time during the five years before such sale, exchange, redemption, conversion or other disposition (or, if shorter, the Non-U.S. holder's holding period for the relevant Debentures or Shares), we are a "United States real property holding corporation" (or USRPHC). In general, we would be a USRPHC if U.S. real property interests comprised at least 50% of the sum of the fair market value of our worldwide real property interests and assets used or held for use in a trade or business. We believe that we have not been during the past five years, currently are not, and will not become in the future, a USRPHC. However, under the FIRPTA rules, interests (other than an interest solely as a creditor) in a U.S. corporation, such as the Corporation, generally are deemed to be subject to the FIRPTA rules unless this presumption is overturned in a prescribed manner. There is no assurance that we will be able to establish, in the prescribed manner, that the Debentures and Shares are not subject to the FIRPTA rules.

In the event we are determined to have constituted, or to constitute, a USRPHC (or are deemed to be a USRPHC) at any time during the five-year period ending on a sale, exchange, redemption, conversion or other disposition of Debentures or Shares (or, if shorter, such Non-U.S. holder's holding period in such Debentures or Shares), the Non-U.S. holder generally would be subject to FIRPTA taxation and, in such case, any gain recognized in connection with any such disposition would generally be treated as effectively connected income for such Non-U.S. holder and subject to U.S. taxation at normal graduated tax rates applicable to U.S. holders. Such Non-U.S. holder would also generally be subject to U.S. federal income tax return filing obligations. In addition, the purchaser of Debentures or Shares generally would be required to withhold 15% of the gross purchase price paid for such Debentures or Shares and remit such amounts to the IRS in accordance with the FIRPTA rules. However, if the Debentures or Shares are considered "regularly traded on an established securities market," the Debentures or Shares would not be treated as interests in a USRPHC (and therefore gain recognized on a disposition would not be subject to U.S. federal income tax) with respect to Non-U.S. holders who do not hold, actually or constructively, more than 5% of the outstanding Debentures or Shares, as applicable, at any time during the five-year period ending on the date of disposition, or such shorter period that such Debentures or Shares were held. In addition, the purchaser of Debentures or Shares, as applicable, would not be required to withhold tax if the Debentures or Shares, as applicable, are considered "regularly traded on an established securities market," regardless of whether the selling Non-U.S. holder held more than 5 percent of the outstanding Shares during the applicable testing period.

We believe that the TSXV is a non-U.S. national securities exchange which is officially recognized, sanctioned, or supervised by a governmental authority, and, accordingly, the TSXV should be treated as an established securities market. In such case, for so long as 100 or fewer persons do not own 50% or more of the Debentures or Shares, as applicable, the Debentures and Shares should be treated as "regularly traded" on the TSXV for a calendar quarter if: (a) such Debentures or Shares, as applicable, trade, other than in de minimis quantities, on at least 15 days during the calendar quarter; (b) the aggregate number of Debentures or Shares, as applicable, traded during the calendar quarter is at least 7.5% of the average number of such Debentures or Shares outstanding during such calendar quarter (reduced to 2.5% if there are 2,500 or more record holders of Debentures or Shares, as applicable); and (c) we attach a statement to our U.S. federal income tax return that provides information relating to us, the Debentures and Shares, and beneficial owners of more than 5% of the Debentures or Shares (the "TSXV Publicly Traded Exception"). Prospective holders are cautioned that there can be no assurance that the Debentures or the Shares will be considered "regularly traded" on the TSXV in any particular calendar quarter.

It is unclear as of the date of this prospectus whether the Debentures and Shares will be determined to be "regularly traded on an established securities market" for purposes of the FIRPTA rules.

The application of the FIRPTA rules to Non-U.S. holders is subject to uncertainty. Accordingly, Non-U.S. holders should consult with their own tax advisors regarding the potential application of the FIRPTA rules to the Debentures and the Shares, including the determination of whether such Debentures and Shares are "regularly traded on an established securities market" under such rules.

**Dividends and Constructive Dividends**

Dividends paid to a Non-U.S. holder on any Shares received on conversion of a Debenture, and any taxable constructive dividends resulting from certain adjustments (or failures to make adjustments) to the number of Shares to be issued on conversion (as described under “—U.S. Holders—Constructive Distributions” above) generally will be subject to U.S. withholding tax at a 30% rate. The withholding tax on dividends (including any taxable constructive dividends), however, may be reduced under the terms of an applicable income tax treaty between the United States and the Non-U.S. holder’s country of residence. A Non-U.S. holder should demonstrate its eligibility for a reduced rate of withholding under an applicable income tax treaty by timely delivering a properly executed IRS Form W-8BEN, IRS Form W-8BEN-E or other appropriate IRS Form W-8. A Non-U.S. holder that is eligible for a reduced rate of withholding under the terms of an applicable income tax treaty may obtain a refund of any excess amounts withheld by timely filing an appropriate claim for refund with the IRS. In the case of constructive dividends, because there may be no cash from which to withhold the required amount, withholding may apply to interest payments or other payments or deliveries made with respect to the Debentures (or, in some circumstances, any payments on Shares) or sales proceeds received by, or other funds or assets of, such holder. Dividends on the Shares that are effectively connected with a Non-U.S. holder’s conduct of a U.S. trade or business are discussed below under “—Non-U.S. Holders—Income or Gains Effectively Connected with a U.S. Trade or Business.”

Subject to the discussion regarding FIRPTA withholding below, a Non-U.S. holder generally should not incur tax on a distribution in excess of our current and accumulated earnings and profits if the excess portion of the distribution did not exceed the adjusted tax basis of the Non-U.S. holder's Debentures or Shares, as applicable. Instead, such excess portion of the distribution would reduce the Non-U.S. holder's adjusted tax basis in such interest. A Non-U.S. holder would be subject to tax on a distribution that exceeds both our current and accumulated earnings and profits and the adjusted tax basis in its Debentures or Shares, as applicable, if the Non-U.S. holder otherwise would be subject to tax on gain from the disposition of such interest as described above under "—Non-U.S. Holders—Income or Gains Effectively Connected with a U.S. Trade or Business.”
Sale, Exchange, Redemption, Conversion or Other Disposition of Debentures or Shares”. Assuming the Debentures and Shares will be considered to be regularly traded on an established securities market, as described above under “-Non-U.S. Holders- Sale, Exchange, Redemption, Conversion or Other Disposition of Debentures or Shares”, we would not be required under the FIRPTA rules to withhold on distributions in excess of our current and accumulated earnings and profits that are distributed to Non-U.S. holders that own 5% or less of the outstanding Debentures or Shares, as applicable, during the applicable testing period. However there can be no assurance that withholding on such amounts will not be required. If withholding is or becomes required on distributions in excess of our current and accumulated earnings and profits, the rate of withholding is currently equal to 15% of such amounts.

Non-U.S. holders should consult their own tax advisors regarding such holder's eligibility for the reduction or elimination of U.S. withholding tax under applicable U.S. federal income tax rules, the appropriate manner for certifying such eligibility, as well as the applicability of the FIRPTA rules to distributions, or constructive distributions, made with respect Debentures or Shares, in each case having regard to such holder’s particular circumstances.

Income or Gains Effectively Connected With a U.S. Trade or Business

The preceding discussion of the U.S. federal income and withholding tax considerations of the purchase, ownership, disposition or conversion of the Debentures and the ownership and disposition of the Shares into which the Debentures may be converted by a Non-U.S. holder discusses the U.S. federal income tax considerations for a Non-U.S. holder that is not engaged in a U.S. trade or business for U.S. federal income tax purposes. If any interest on the Debentures, dividends on Shares, or gain from the sale, exchange, redemption, conversion or other disposition of the Debentures or Shares is effectively connected with a U.S. trade or business conducted by the Non-U.S. holder, then the income or gain generally will be subject to U.S. federal income tax on a net income basis at the regular graduated rates and in the same manner applicable to U.S. holders. If the Non-U.S. holder is eligible for the benefits of a tax treaty between the United States and the holder’s country of residence, any “effectively connected” income or gain generally will be subject to U.S. federal income tax only if it is also attributable to a permanent establishment or fixed base maintained by the holder in the United States. Payments of interest or dividends that are effectively connected with a U.S. trade or business (and, if an applicable tax treaty requires, attributable to a permanent establishment or fixed base), and therefore included in the gross income of a Non-U.S. holder, will not be subject to 30% withholding, provided that the holder claims exemption from withholding by timely delivering a properly executed IRS Form W-8ECI. If the Non-U.S. holder is a corporation (or an entity treated as a corporation for U.S. federal income tax purposes), that portion of its earnings and profits that is effectively connected with its U.S. trade or business generally also would be subject to a “branch profits tax.” The branch profits tax rate is generally 30%, although an applicable income tax treaty might provide for a lower rate.
Provisions of the Code commonly referred to as the Foreign Account Tax Compliance Act (“FATCA”) may impose withholding tax on certain types of payments made to “foreign financial institutions,” and “non-financial foreign entities” as defined in the Code and applicable Treasury regulations. The legislation, together with the Treasury regulations issued thereunder, generally imposes a 30% withholding tax on interest income and constructive dividends on the Debentures, and dividends on, or gross proceeds from the sale or other disposition of, Shares paid to a foreign financial institution or to a non-financial foreign entity, unless (i) the foreign financial institution undertakes certain diligence and reporting obligations, (ii) the non-financial foreign entity either certifies it does not have any substantial U.S. owners or furnishes identifying information regarding each substantial U.S. owner and such entity meets certain other specified requirements, or (iii) an exemption applies. If the payee is a foreign financial institution and an exemption does not apply, it must enter into an agreement with the U.S. Treasury requiring, among other things, that it undertake to identify accounts held by certain U.S. persons or U.S.-owned foreign entities, annually report certain information about such accounts, and withhold 30% on payments to account holders whose actions prevent it from complying with these reporting and other requirements. If the applicable foreign country has entered into an “intergovernmental agreement” with the United States regarding FATCA, such agreement may permit the payee to report to that country rather than to the U.S. Treasury. FATCA withholding generally applies to interest and constructive dividends on the Debentures and dividends on Shares. FATCA withholding with respect to the gross proceeds from the sale or other disposition of the Debentures or Shares will not begin until January 1, 2019. Prospective investors should consult their tax advisors regarding the FATCA rules.

Backup Withholding and Information Reporting

U.S. Holders

In general, information reporting requirements will apply to payments to certain non-corporate U.S. holders of principal and interest on a Debenture and of dividends on a Share and the proceeds of the sale of a Debenture or a Share. A U.S. holder may be subject to backup withholding, at a current rate of 28%, when the holder receives interest with respect to the Debentures or dividends on the Shares, or when the holder receives proceeds upon the sale, exchange, redemption or other disposition of the Debentures or the Shares. In general, a U.S. holder can avoid this backup withholding by properly executing, under penalties of perjury, an IRS Form W-9 or suitable substitute form that provides:

- the holder’s correct taxpayer identification number; and
- a certification that (a) the holder is exempt from backup withholding because the holder is a corporation or come within another enumerated exempt category, (b) the holder has not been notified by the IRS that the holder is subject to backup withholding or (c) the holder has been notified by the IRS that the holder is no longer subject to backup withholding.

If a U.S. holder does not provide the holder’s correct taxpayer identification number on IRS Form W-9 or suitable substitute form in a timely manner, the holder may be subject to penalties imposed by the IRS.

Backup withholding will not apply, however, with respect to payments made to certain U.S. holders, including corporations and tax-exempt organizations, provided their exemptions from backup withholding are properly established. Backup withholding is not an additional tax and amounts withheld may be refunded or credited against the holder’s United States federal income tax liability, provided the holder timely furnishes required information to the IRS.

United States exempt recipients who fail to provide a Form W-9 or other appropriate documentation may be subject to FATCA withholding. See the discussion in “— FATCA.”

Non-U.S. Holders

United States backup withholding will not apply to Non-U.S. holders with respect to payments of interest on a Debenture or dividends on a Share if the holder provides the statement described in “— Non-U.S. Holders — Taxation of Interest” and “Dividends and Constructive Dividends,” provided that the payor does not have actual knowledge or reason to know that the holder is a United States person for United States federal income tax purposes. Information reporting requirements may apply, however, to payments of interest on a Debenture or dividends with respect to shares.
Information reporting generally will not apply to any payment of the proceeds of the sale of a Debenture or Share effected outside the United States by a foreign office of a “broker” (as defined in applicable Treasury Regulations), unless such broker:

• is a United States person;
• is a foreign person 50% or more of the gross income of which for certain periods is effectively connected with the conduct of a trade or business in the United States;
• is a controlled foreign corporation for United States federal income tax purposes; or
• is a foreign partnership, if at any time during its tax year, one or more of its partners are United States persons (as defined in applicable Treasury Regulations) who in the aggregate hold more than 50% of the income or capital interests in the partnership or if, at any time during its tax year, such foreign partnership is engaged in a United States trade or business.

Notwithstanding the foregoing, payment of the proceeds of any such sale of a Debenture or a Share effected outside the United States by a foreign office of any broker that is described in the preceding sentence will not be subject to information reporting if the broker has documentary evidence in its records that the holder is a non-United States person and certain other conditions are met, or the Non-U.S. holder otherwise establishes an exemption.

Payment of the proceeds of any sale effected outside the United States by a foreign office of a broker is not subject to backup withholding. Payment of the proceeds of any such sale to or through the United States office of a broker generally is subject to information reporting and backup withholding requirements, unless the Non-U.S. holder provides the statement described in “— Non-U.S. Holders — Taxation of Interest” or “Dividends and Constructive Dividends” or otherwise establish an exemption.

The preceding discussion of material U.S. federal income tax consequences is for general information only and is not tax advice. Accordingly, each investor should consult its own tax advisors as to the particular tax consequences to it of purchasing, holding and disposing of the Debentures and the Shares, including the applicability and effect of any state, local or Non-U.S. tax laws, and of any pending or subsequent changes in applicable laws.

CERTAIN CANADIAN FEDERAL INCOME TAX CONSIDERATIONS

The following is, as of the date hereof, a summary of the principal Canadian federal income tax considerations generally applicable to a holder who acquires Debentures as a beneficial owner under this Offering and to a holder who acquires Shares pursuant to a conversion, redemption or repayment at maturity of Debentures acquired by the holder under this Offering. This summary is only applicable to such a holder who, for purposes of the Tax Act and at all relevant times, is resident, or is deemed to be resident, in Canada, holds the Shares and/or Debentures as capital property and deals at arm’s length and is not affiliated with the Corporation or the Agents (a “Holder”). Generally, the Debentures and Shares will be considered to be capital property to a Holder provided that the Holder does not hold the Debentures or Shares, as applicable, in the course of carrying on a business of trading or dealing in securities and has not acquired the Debentures and will not acquire the Shares in one or more transactions considered to be an adventure or concern in the nature of trade. The Debentures and Shares will not be “Canadian securities” for the purposes of the irrevocable election under subsection 39(4) of the Tax Act to treat all “Canadian securities” owned by a person as capital property and therefore such an election will not apply to the Debentures and Shares.
This summary is not applicable to a Holder: (i) that is a “financial institution” (as defined in the Tax Act for purposes of the mark-to-market rules); (ii) that is a “specified financial institution” (as defined in the Tax Act); (iii) an interest in which is or would be a “tax shelter investment” (as defined in the Tax Act); (iv) that enters into a “derivative forward agreement” or a “synthetic disposition arrangement” (as defined in the Tax Act) in respect of the Debentures or Shares; (v) who has elected to report its “Canadian tax results” (as defined in the Tax Act) in a currency other than Canadian dollars; or (vi) in respect of whom the Corporation is or will become a “foreign affiliate” for the purposes of the Tax Act. Any such Holders should consult their own tax advisors with respect to an investment in the Debentures or Shares. In addition, this summary does not address the deductibility of interest by a Holder who has borrowed money or otherwise incurred debt in connection with the acquisition of Debentures.

This summary is based upon the current provisions of the Tax Act and the regulations thereunder (the “Regulations”), taking into account all proposed amendments to the Tax Act and the Regulations publicly announced by or on behalf of the Minister of Finance prior to the date hereof (the “Tax Proposals”), and the Corporation’s understanding of the current administrative practices and assessing policies published in writing by the Canada Revenue Agency prior to the date hereof. This summary assumes the Tax Proposals will be enacted in the form proposed; however, no assurance can be given that the Tax Proposals will be enacted in the form proposed, or at all. The summary is not exhaustive of all possible income tax considerations and, except for the Tax Proposals, does not otherwise take into account or anticipate any changes in the law, whether by way of legislative, governmental or judicial decision or action, or in the administrative practices or assessing policies of the Canada Revenue Agency, nor does it take into account tax laws of countries other than Canada or any provincial, territorial or foreign tax legislation or considerations, which may differ significantly from the tax considerations described herein.

The income and other tax consequences of acquiring, holding or disposing of Debentures and/or Shares will vary depending on the particular circumstances of the Holder thereof, including any province or territory in which the Holder resides or carries on business. Accordingly, this summary is of a general nature only and is not intended to be, nor should it be construed to be, legal or tax advice to any particular or prospective Holder, and no representations with respect to the income tax consequences to any Holder or prospective Holder are made. Consequently, prospective Holders should consult their own tax advisors for advice with respect to the tax consequences to them of acquiring Debentures pursuant to this Offering, including acquiring Shares issuable upon conversion, redemption or maturity of the Debentures, having regard to their particular circumstances.

For purposes of the Tax Act, all amounts relating to the acquisition, holding or disposition of Debentures or Shares (including interest, adjusted cost base and proceeds of disposition) must be expressed in Canadian dollars. For purposes of the Tax Act, amounts denominated in U.S. dollars generally must be converted into Canadian dollars using the appropriate exchange rate determined in accordance with the detailed rules in the Tax Act in that regard.

Interest

A Holder of Debentures that is a corporation, partnership, unit trust or any trust of which a corporation or partnership is a beneficiary will be required to include in computing its income for a taxation year any interest on the Debentures that accrues (or is deemed to accrue) to the Holder to the end of the particular taxation year or that becomes receivable by or is received by the Holder before the end of that taxation year, including on a redemption or repayment at maturity and including amounts, if any, deducted for non-resident withholding tax, except to the extent that such interest was otherwise included in the Holder’s income for a preceding taxation year.

Any other Holder, including an individual, will be required to include in income for a taxation year any interest on a Debenture received or receivable by such Holder in that taxation year (depending upon the method regularly followed by the Holder in computing income), including on a redemption or repayment at maturity and including amounts, if any, deducted for non-resident withholding tax, except to the extent that the interest was included in the Holder's income for a preceding taxation year. In addition, if at any time a Debenture should become an “investment contract”, as defined in the Tax Act, in relation to a Holder, such Holder will be required to include in computing the Holder’s income for a taxation year all interest (not otherwise required to be included in income) that accrues or is deemed to accrue on the Holder’s Debentures to the end of any “anniversary day”, as defined in the Tax Act, in that year to the extent such interest was not otherwise included in the Holder’s income for that year or a preceding year.

The fair market value of any premium paid by the Corporation to a Holder upon a repayment of Debentures before maturity (as a result of a Debenture Offer made in connection with a Change of Control or otherwise), whether such premium is paid in cash or in Shares, will generally be deemed to be interest received at that time by such Holder to the extent that such premium can reasonably be considered to relate to, and does not exceed the value at the time of payment of the interest that, but for the repayment, would have been paid or payable by the Corporation on the Debentures for taxation years of the Corporation ending after the date of such repayment.

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A Holder that is a “Canadian-controlled private corporation” (as defined in the Tax Act) may be liable to pay an additional tax, which is refundable, under certain circumstances, on certain investment income, including amounts in respect of interest.

To the extent that non-resident withholding tax is payable by a Holder in respect of interest received on the Debentures, the Holder may be eligible for a foreign tax credit or deduction under the Tax Act to the extent and under the circumstances described in the Tax Act. Holders should consult their own tax advisors regarding the availability of a foreign tax credit or deduction, having regard to their particular circumstances.

**Exercise of Conversion Privilege**

The conversion of a Debenture into only Shares plus any cash not in excess of $200 in lieu of a fraction of a Share pursuant to a right of conversion will generally be deemed not to constitute a disposition of the Debenture pursuant to the Tax Act and, accordingly, the Holder will not realize a capital gain or capital loss on such conversion. The Corporation does not currently have a rights plan and the previous statement assumes that there is no rights plan in existence at the time of conversion.

A Holder’s aggregate cost of the Shares acquired on conversion of the Debentures where the Holder receives only Shares (plus cash delivered in lieu of a fraction of a Share) will be equal to the adjusted cost base of the Debentures converted, subject to the discussion below regarding cash in lieu of a fraction of a Share. For the purposes of determining the adjusted cost base of such Shares, the cost of the Shares will be averaged with the adjusted cost base of all other Shares held by a Holder as capital property immediately before the time of conversion.

Under the current administrative practice of the Canada Revenue Agency, a Holder who, upon conversion of the Debentures where the Holder receives only Shares (plus cash in lieu of a fraction of a Share), receives cash not in excess of $200 in lieu of a fraction of a Share, may either treat this amount as proceeds of disposition of a portion of the Debentures thereby realizing a capital gain or capital loss, as discussed below under the heading “Dispositions of Debentures”, or alternatively may reduce the adjusted cost base of the Shares that the Holder acquires on the conversion by the amount of cash received.

If on a conversion of a Debenture, a Holder receives consideration wholly or partly in the form of cash (other than cash delivered in lieu of a fraction of a Share not in excess of $200, as described above) the Holder will be considered to have disposed of the Debenture for purposes of the Tax Act. See “Dispositions of Debentures”.

**Redemption or Repayment of Debentures**

If the Corporation redeems a Debenture prior to maturity or repays a Debenture upon maturity and the Holder does not exercise the conversion privilege prior to such redemption or repayment, the Holder will be considered to have disposed of the Debenture for proceeds of disposition equal to the amount received by the Holder (other than the amount received or deemed to be received on account of interest) on such redemption or repayment. If the Holder receives Shares on redemption or repayment, the Holder will be considered to have realized proceeds of disposition equal to the aggregate of the fair market value of the Shares so received and the amount of any cash received in lieu of fractional Shares. The Holder may realize a capital gain or capital loss computed as described below under “Dispositions of Debentures”. The cost to the Holder of the Shares so received will also be equal to their fair market value at the time of acquisition, and must be averaged with the adjusted cost base of all other Shares held as capital property immediately before the time of redemption or repayment, as applicable, by the Holder for the purpose of calculating the adjusted cost base of such Shares.

**Dispositions of Debentures**

A disposition or deemed disposition of a Debenture by a Holder (including upon a redemption or repayment of a Debenture) will generally result in the Holder realizing a capital gain (or capital loss) equal to the amount by which the proceeds of disposition (adjusted as described below) net of any reasonable costs of disposition, exceed (or are less than) the Holder’s adjusted cost base thereof. Any such capital gain or capital loss will be treated, for tax purposes, in the same manner as capital gains and capital losses arising from a disposition of Shares which treatment is discussed below under Dispositions of Debentures”.

Upon such a disposition or deemed disposition of a Debenture, interest accrued thereon to the date of disposition and not yet due will be included in computing the Holder’s income, except to the extent such amount was otherwise included in the Holder’s income, and will be excluded in computing the Holder’s proceeds of disposition of the Debenture.
A capital gain realized by a Holder who is an individual or trust (other than certain specified trusts) may give rise to a liability for alternative minimum tax.

A “Canadian-controlled private corporation” (as defined in the Tax Act) that disposes of Debentures may be liable to pay an additional tax, which is refundable under certain circumstances, on certain investment income for the year, including amounts in respect of taxable capital gains.

**Dividends**

The full amount of dividends received (or deemed to be received) on the Shares by a Holder who is an individual (including a trust), including amounts withheld for foreign withholding tax, if any, will be included in computing the Holder’s income and will not be subject to the gross-up and dividend tax credit rules normally applicable under the Tax Act to taxable dividends received (or deemed to be received) from taxable Canadian corporations.

Dividends received on the Shares by a Holder that is a corporation, including amounts withheld for foreign withholding tax, if any, will be included in computing the Holder’s income, and such Holder will not be entitled to the inter-corporate dividend deduction in computing taxable income which generally applies to dividends received from taxable Canadian corporations.

A “Canadian-controlled private corporation” (as defined in the Tax Act) may be liable to pay an additional tax, which is refundable, under certain circumstances, on certain investment income for the year, including amounts in respect of taxable capital gains.

Subject to the detailed rules in the Tax Act, a Holder may be entitled to a foreign tax credit or deduction for any foreign withholding tax paid with respect to dividends received by the Holder on Shares. Holders should consult their own tax advisors with respect to the availability of a foreign tax credit or deducting having regard to their own particular circumstances.

**Dispositions of Shares**

On the disposition or deemed disposition of a Share by a Holder, the Holder will generally realize a capital gain (or a capital loss) equal to the amount by which the proceeds of disposition in respect of such Share, net of any reasonable costs of disposition, exceed (or are less than) the adjusted cost base of the Share to the Holder.

For the purpose of determining the adjusted cost base to a Holder of Shares, when a Share is acquired, the cost of the newly-acquired Share will be averaged with the adjusted cost base of all of the Shares owned by the Holder as capital property immediately before that acquisition. The adjusted cost base of a Share to a Holder will be the cost to the Holder of the Share, with certain adjustments.

One-half of the amount of any capital gain (a “taxable capital gain”) realized by a Holder in a taxation year must be included in computing such Holder’s income for that year, and one-half of any capital loss (an “allowable capital loss”) realized by a Holder in a taxation year must be deducted from any taxable capital gains realized by the Holder in the year, subject to and in accordance with the provisions of the Tax Act. Allowable capital losses in excess of taxable capital gains realized in a taxation year may be carried back and deducted in any of the three preceding taxation years or carried forward and deducted in any following net taxation year against taxable capital gains realized in such years, subject to and in accordance with the provisions of the Tax Act.

A capital gain realized by a Holder who is an individual or trust (other than certain specified trusts) may give rise to a liability for alternative minimum tax.

A “Canadian-controlled private corporation” (as defined in the Tax Act) that disposes of Shares may be liable to pay an additional tax, which is refundable, under certain circumstances, on certain investment income for the year, including amounts taxable capital gains.

**Foreign Property Information Reporting**

Generally, a Holder that is a “specified Canadian entity” (as defined in the Tax Act) for a taxation year or a fiscal period and whose total “cost amount” of “specified foreign property” (as such terms are defined in the Tax Act), including the Debentures and Shares, at any time in the year or fiscal period exceeds $100,000 will be required to file an information return with the Canada Revenue Agency for the year or period disclosing prescribed information in respect of such property. Subject to certain exceptions, a Holder generally will be a specified Canadian entity. The Debentures and Shares will be “specified foreign property” of a Holder for these purposes. Penalties may apply where a Holder fails to file the required information return in respect of such Holder’s “specified foreign property” on a timely basis in accordance with the Tax Act. Holders should consult their own tax advisors regarding compliance with these reporting requirements.
Offshore Investment Fund Property

The Tax Act contains rules which may require a taxpayer to include in income in each taxation year an amount in respect of the holding of an “offshore investment fund property”. These rules could apply to a Holder in respect of a Debenture or Share if both of two conditions are satisfied.

The first condition for such rules to apply is that the value of the Debenture or Share may reasonably be considered to be derived, directly or indirectly, primarily from portfolio investments in: (i) shares of one or more corporations, (ii) indebtedness or annuities, (iii) interests in one or more corporations, trusts, partnerships, organizations, funds or entities, (iv) commodities, (v) real estate, (vi) Canadian or foreign resource properties, (vii) currency of a country other than Canada, (viii) rights or options to acquire or dispose of any of the foregoing, or (ix) any combination of the foregoing (“Investment Assets”).

The second condition for such rules to apply to a Holder is that it must be reasonable to conclude that one of the main reasons for the Holder acquiring or holding a Debenture or Share was to derive a benefit from portfolio investments in Investment Assets in such a manner that the taxes, if any, on the income, profits and gains from such Investment Assets for any particular year are significantly less than the tax that would have been applicable under Part I of the Tax Act had the income, profits and gains been earned directly by the Holder.

If applicable, these rules would generally require a Holder to include in income for each taxation year in which the Holder owns a Debenture or Share (i) an imputed return for the taxation year computed on a monthly basis and determined by multiplying the Holder’s “designated cost” (as defined in the Tax Act) of the Debenture or Share at the end of the month, by 1/12th of the sum of the applicable prescribed rate for the period that includes such month plus 2%, less (ii) the Holder’s income for the year (other than a capital gain) from the Debenture or Share determined without reference to these rules. Any amount required to be included in computing a Holder’s income under these provisions will be added to the adjusted cost base to the Holder of the applicable Debenture or Share.

These rules are complex and their application depends, to a large extent, in part, on the reasons for a Holder acquiring or holding the Debentures or Shares. Holders are urged to consult their own tax advisors regarding the application and consequences of these rules in their own particular circumstances.

EXPERTS

IntelGenx Technologies Corp. financial statements for the years ended December 31, 2016 and 2015 included in this registration statement have been audited by Richter, LLP, Montreal, Quebec, an independent registered public accounting firm, as stated in their report, and have been so included in reliance upon the report of said firm and their authority as experts in accounting and auditing. This report expresses an unqualified opinion.

CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE

We have had no disagreements with our independent registered public accountants with respect to accounting practices or procedures or financial disclosure.
WHERE YOU CAN FIND ADDITIONAL INFORMATION

We file reports and other information with the Securities and Exchange Commission. We have also filed a registration statement on Form S-1, including exhibits, with the SEC with respect to the shares being offered in this offering. This prospectus is part of the registration statement, but it does not contain all of the information included in the registration statement or exhibits. For further information with respect to us and our common stock, we refer you to the registration statement and to the exhibits and schedules to the registration statement. Statements contained in this prospectus as to the contents of any contract or any other document referred to are not necessarily complete, and in each instance, we refer you to the copy of the contract or other document filed as an exhibit to the registration statement. Each of these statements is qualified in all respects by this reference. You may inspect a copy of the registration statement and other reports we file with the Securities and Exchange Commission without charge at the SEC's principal office in Washington, D.C., and copies of all or any part of the registration statement may be obtained from the Public Reference Section of the SEC, 100 F Street NE, Washington, D.C. 20549, upon payment of fees prescribed by the SEC. The SEC maintains an internet site that contains reports, proxy and information statements and other information regarding registrants that file electronically with the SEC. The address of the Web site is http://www.sec.gov. The SEC's toll free investor information service can be reached at 1-800-SEC-0330.

DOCUMENTS INCORPORATED BY REFERENCE

All documents that we file with the SEC pursuant to Sections 13(a), 13(c), 14 or 15(d) of the Securities Exchange Act of 1934, as amended, after the effective date of the initial registration statement of which this prospectus is a part and all such documents that we file with the SEC after the date of this prospectus and before the termination of the offering of our securities shall be deemed incorporated by reference into this prospectus and to be a part of this prospectus from the respective dates of filing such documents. Unless specifically stated to the contrary, none of the information that we disclose under Items 2.02 or 7.01 of any Current Report on Form 8-K that we may from time to time furnish to the SEC will be incorporated by reference into, or otherwise included in, this prospectus.

Any statement contained in a document incorporated by reference in this prospectus shall be deemed to be modified or superseded for purposes of this prospectus to the extent that a statement contained in this prospectus or in any other subsequently filed document that also is or is deemed to be incorporated by reference in this prospectus modifies or supersedes such statement. Any statement so modified or superseded shall not be deemed, except as so modified or superseded, to constitute a part of this prospectus.

Copies of the documents incorporated by reference in this Prospectus may be obtained on written or oral request without charge from our Investor Relations Department at 6420 Abrams, Ville Saint Laurent, Quebec H4S 1Y2, Canada (telephone: (514) 331-7440).

We also maintain a web site at http://www.intelgenx.com through which you can obtain copies of documents that we have filed with the SEC. The contents of that site are not incorporated by reference into or otherwise a part of this prospectus.
## Contents

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<th>Page</th>
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<td>6 - 14</td>
</tr>
</tbody>
</table>
### Consolidated Balance Sheet
(Expressed in Thousands of U.S. Dollars ($000’s) Except Share and Per Share Data)
(Unaudited)

<table>
<thead>
<tr>
<th></th>
<th>March 31, 2017</th>
<th>December 31, 2016</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Assets</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Current</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cash and cash equivalents</td>
<td>$ 300</td>
<td>$ 612</td>
</tr>
<tr>
<td>Short-term investments</td>
<td>3,632</td>
<td>3,884</td>
</tr>
<tr>
<td>Accounts receivable</td>
<td>428</td>
<td>1,044</td>
</tr>
<tr>
<td>Prepaid expenses</td>
<td>428</td>
<td>566</td>
</tr>
<tr>
<td>Investment tax credits receivable</td>
<td>178</td>
<td>246</td>
</tr>
<tr>
<td><strong>Total Current Assets</strong></td>
<td>4,966</td>
<td>6,352</td>
</tr>
<tr>
<td>Leasehold Improvements and Equipment, net (note 4)</td>
<td>5,833</td>
<td>5,730</td>
</tr>
<tr>
<td>Security Deposits</td>
<td>714</td>
<td>708</td>
</tr>
<tr>
<td><strong>Total Assets</strong></td>
<td>$ 11,513</td>
<td>$ 12,790</td>
</tr>
<tr>
<td><strong>Liabilities</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Current</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Accounts payable and accrued liabilities</td>
<td>613</td>
<td>897</td>
</tr>
<tr>
<td>Current portion of long-term debt (note 7)</td>
<td>710</td>
<td>704</td>
</tr>
<tr>
<td>Deferred revenue (note 6)</td>
<td>2,750</td>
<td>3,634</td>
</tr>
<tr>
<td><strong>Total Current Liabilities</strong></td>
<td>4,073</td>
<td>5,235</td>
</tr>
<tr>
<td>Deferred lease obligations</td>
<td>46</td>
<td>45</td>
</tr>
<tr>
<td>Long-term debt (note 7)</td>
<td>2,410</td>
<td>2,565</td>
</tr>
<tr>
<td><strong>Total Liabilities</strong></td>
<td>6,529</td>
<td>7,845</td>
</tr>
<tr>
<td><strong>Subsequent event (note 12)</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Shareholders’ Equity</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Capital Stock, common shares, $0.00001 par value; 100,000,000 shares authorized; 65,422,020 shares issued and outstanding (2016: 64,812,020 common shares) (note 8)</td>
<td>1</td>
<td>1</td>
</tr>
<tr>
<td>Additional Paid-in-Capital (note 9)</td>
<td>24,207</td>
<td>23,700</td>
</tr>
<tr>
<td>Accumulated Deficit</td>
<td>(18,249)</td>
<td>(17,737)</td>
</tr>
<tr>
<td>Accumulated Other Comprehensive Loss</td>
<td>(975)</td>
<td>(1,019)</td>
</tr>
<tr>
<td><strong>Total Shareholders’ Equity</strong></td>
<td>4,984</td>
<td>4,945</td>
</tr>
<tr>
<td>****</td>
<td><strong>$ 11,513</strong></td>
<td><strong>$ 12,790</strong></td>
</tr>
</tbody>
</table>

See accompanying notes

**Approved on Behalf of the Board:**

/s/ Bernd J. Melchers    Director

/s/ Horst G. Zerbe       Director
### Consolidated Statement of Shareholders' Equity
For the Period Ended March 31, 2017
(Expressed in Thousands of U.S. Dollars ($000’s) Except Share and Per Share Data)
(Unaudited)

<table>
<thead>
<tr>
<th>Capital Stock</th>
<th>Additional Paid-In Capital</th>
<th>Accumulated Deficit</th>
<th>Accumulated Other Comprehensive Loss</th>
<th>Total Shareholders' Equity</th>
</tr>
</thead>
<tbody>
<tr>
<td>Number</td>
<td>Amount</td>
<td>Capital</td>
<td>Deficit</td>
<td></td>
</tr>
<tr>
<td><strong>Balance - December 31, 2016</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>64,812,020</td>
<td>$ 1</td>
<td>$ 23,700</td>
<td>$(17,737)</td>
<td>$(1,019)</td>
</tr>
<tr>
<td>Foreign currency translation adjustment</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Warrants exercised (note 9)</td>
<td>560,000</td>
<td>-</td>
<td>316</td>
<td>-</td>
</tr>
<tr>
<td>Options exercised (note 9)</td>
<td>50,000</td>
<td>-</td>
<td>21</td>
<td>-</td>
</tr>
<tr>
<td>Stock-based compensation (note 9)</td>
<td>-</td>
<td>-</td>
<td>170</td>
<td>-</td>
</tr>
<tr>
<td>Net loss for the period</td>
<td>-</td>
<td>-</td>
<td>(512)</td>
<td>-</td>
</tr>
<tr>
<td><strong>Balance – March 31, 2017</strong></td>
<td>65,422,020</td>
<td>$ 1</td>
<td>$ 24,207</td>
<td>$(18,249)</td>
</tr>
</tbody>
</table>

See accompanying notes
## IntelGenx Technologies Corp.

Consolidated Statement of Comprehensive Loss  
(Expressed in Thousands of U.S. Dollars ($000’s) Except Share and Per Share Data)  
(Unaudited)  

<table>
<thead>
<tr>
<th>For the Three-Month Period</th>
<th>Ended March 31,</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>2017</td>
</tr>
<tr>
<td><strong>Revenues</strong></td>
<td></td>
</tr>
<tr>
<td>Royalties</td>
<td>$</td>
</tr>
<tr>
<td></td>
<td>-</td>
</tr>
<tr>
<td>License and other revenue</td>
<td>1,353</td>
</tr>
<tr>
<td><strong>Total Revenues</strong></td>
<td>1,353</td>
</tr>
<tr>
<td><strong>Expenses</strong></td>
<td></td>
</tr>
<tr>
<td>Cost of royalty and license revenue</td>
<td>92</td>
</tr>
<tr>
<td>Research and development expense</td>
<td>644</td>
</tr>
<tr>
<td>Selling, general and administrative expense</td>
<td>904</td>
</tr>
<tr>
<td>Depreciation of tangible assets</td>
<td>170</td>
</tr>
<tr>
<td><strong>Total Expenses</strong></td>
<td>1,810</td>
</tr>
<tr>
<td><strong>Operating loss</strong></td>
<td>(457)</td>
</tr>
<tr>
<td>Interest income</td>
<td>2</td>
</tr>
<tr>
<td>Financing and interest expense</td>
<td>(57)</td>
</tr>
<tr>
<td><strong>Net Loss</strong></td>
<td>(512)</td>
</tr>
<tr>
<td><strong>Other Comprehensive Income</strong></td>
<td></td>
</tr>
<tr>
<td>Foreign currency translation adjustment</td>
<td>44</td>
</tr>
<tr>
<td><strong>Comprehensive Loss</strong></td>
<td>$</td>
</tr>
<tr>
<td></td>
<td>(468)</td>
</tr>
</tbody>
</table>

**Basic and Diluted Weighted Average Number of Shares Outstanding**  
65,305,520  
63,615,255  

**Basic and Diluted Loss Per Common Share (note 11)**  
$             
(0.01)       
(0.01)       

See accompanying notes

F-4
# IntelGenx Technologies Corp.

## Consolidated Statement of Cash Flows
(Expressed in thousands of U.S. Dollars ($000’s) Except Share and Per Share Data)
(Unaudited)

For the Three-Month Period
Ended March 31,

<table>
<thead>
<tr>
<th></th>
<th>2017</th>
<th>2016</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Funds Provided (Used) - Operating Activities</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Net loss</td>
<td>$(512)</td>
<td>$(746)</td>
</tr>
<tr>
<td>Depreciation</td>
<td>170</td>
<td>87</td>
</tr>
<tr>
<td>Stock-based compensation</td>
<td>170</td>
<td>63</td>
</tr>
<tr>
<td></td>
<td>$(172)</td>
<td>$(596)</td>
</tr>
<tr>
<td>Changes in assets and liabilities:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Accounts receivable</td>
<td>616</td>
<td>650</td>
</tr>
<tr>
<td>Prepaid expenses</td>
<td>138</td>
<td>(12)</td>
</tr>
<tr>
<td>Investment tax credits receivable</td>
<td>68</td>
<td>(29)</td>
</tr>
<tr>
<td>Security deposits</td>
<td>(6)</td>
<td>(226)</td>
</tr>
<tr>
<td>Accounts payable and accrued liabilities</td>
<td>(284)</td>
<td>(860)</td>
</tr>
<tr>
<td>Deferred revenue</td>
<td>(884)</td>
<td>-</td>
</tr>
<tr>
<td>Deferred lease obligations</td>
<td>1</td>
<td>17</td>
</tr>
<tr>
<td>Net change in assets and liabilities</td>
<td>$(351)</td>
<td>$(460)</td>
</tr>
<tr>
<td>Net cash used in operating activities</td>
<td>$(523)</td>
<td>$(1,056)</td>
</tr>
</tbody>
</table>

**Financing Activities**

|                      |       |       |
| Issuance of term loans | -    | 392   |
| Repayment of term loans | (103)| (17)  |
| Proceeds from exercise of warrants and stock options | 337   | -     |
| Net cash provided by financing activities | 234   | 375   |

**Investing Activities**

|                      |       |       |
| Additions to leasehold improvements and equipment | (222) | (290) |
| Redemption of short-term investments | 300   | -     |
| Net cash provided by (used in) investing activities | 78    | (290) |

## Decrease in Cash and Cash Equivalents

<table>
<thead>
<tr>
<th></th>
<th>2017</th>
<th>2016</th>
</tr>
</thead>
<tbody>
<tr>
<td>Begining of Period</td>
<td>612</td>
<td>2,865</td>
</tr>
<tr>
<td>End of Period</td>
<td>$300</td>
<td>$2,067</td>
</tr>
</tbody>
</table>

See accompanying notes
1. Basis of Presentation

The accompanying unaudited consolidated financial statements have been prepared in accordance with generally accepted accounting principles for interim financial information and with the instructions to Form 10-Q and Article 10 of Regulation S-X. Accordingly, they do not include all of the information and footnotes required by generally accepted accounting principles for complete consolidated financial statements. In the opinion of management, all adjustments considered necessary for a fair presentation have been included. All such adjustments are of a normal and recurring nature.

These financial statements should be read in conjunction with the audited consolidated financial statements at December 31, 2016. Operating results for the three months ended March 31, 2017 are not necessarily indicative of the results that may be expected for the year ending December 31, 2017. The Company prepares its financial statements in accordance with accounting principles generally accepted in the United States (“U.S. GAAP”). This basis of accounting involves the application of accrual accounting and consequently, revenues and gains are recognized when earned, and expenses and losses are recognized when incurred.

The consolidated financial statements include the accounts of the Company and its subsidiary companies. On consolidation, all inter-entity transactions and balances have been eliminated.

The financial statements are expressed in U.S. funds.

Management has performed an evaluation of the Company’s activities through the date and time these financial statements were issued and concluded that there are no additional significant events requiring recognition or disclosure.

2. Adoption of New Accounting Standards

The FASB issued Update 2016-06, Derivatives and Hedging Contingent Put and Call Options in Debt Instruments, clarifying the requirements for assessing whether contingent call (put) options that can accelerate the payment of principal on debt instruments are clearly and closely related to their debt hosts. The amendments in this Update require an entity performing the assessment to assess the embedded call (put) options solely in accordance with the four-step decision sequence. For public business entities, the amendments in this Update are effective for fiscal years beginning after December 15, 2016, including interim periods within those fiscal years. The adoption of this statement did not have a material effect on the Company’s financial position or results.

The FASB issued Update 2016-09, Compensation – Stock Compensation Improvements to Employee Share-Based Payment Accounting, simplifying several aspects of the accounting for share-based payment transactions, including income tax consequences, classification of awards as either equity or liabilities, and classification on the statement of cash flows. For public business entities, the amendments in this Update are effective for fiscal years beginning after December 15, 2016, including interim periods within those fiscal years. The adoption of this statement did not have a material effect on the Company’s financial position or results.
2. Adoption of New Accounting Standards (Cont'd)

The FASB issued Update 2015-11, Inventory: Simplifying the Measurement of Inventory, aligning the measurement of inventory in GAAP with the measurement of inventory in International Financial Reporting Standards (IFRS). The amendments in this Update state that an entity should measure inventory within the scope of this update at the lower of cost and net realizable value. Net realizable value is the estimated selling prices in the ordinary course of business, less reasonably predictable costs of completion, disposal, and transportation. For public business entities, the amendments in this Update are effective for fiscal years beginning after December 15, 2016, including interim periods within those fiscal years. The adoption of this statement did not have a material effect on the Company’s financial position or results.

The FASB issued 2015-017, Income Taxes: Balance Sheet Classification of Deferred Taxes, which requires that deferred tax liabilities be classified as noncurrent in a classified statement of financial position. For public business entities, the amendments in this Update are effective for fiscal years beginning after December 15, 2016, including interim periods within those fiscal years. The adoption of this statement did not have a material effect on the Company’s financial position or results.

3. Significant Accounting Policies

ASU 2016-18 – Statement of Cash Flows (Topic 230) Restricted Cash

In November 2016, the FASB issued ASU 2016-18 which requires that the statement of cash flows explain the change during the period in the total cash, cash equivalents, and amounts generally described as restricted or restricted cash equivalents. The statement is effective for annual periods beginning after December 15, 2017, and interim periods within those annual periods. Early adoption is permitted in any interim or annual period and should be applied on a retrospective basis. The Company is currently evaluating the impact of this Statement on its consolidated financial statements.


In August 2016, the FASB issued ASU 2016-15 which clarifies how certain cash receipts and payments are to be presented in the Statement of cash flows. The statement is effective for annual periods beginning after December 15, 2017, and interim periods within those annual periods. Early adoption is permitted in any interim or annual period, with any adjustments reflected as of the beginning of the fiscal year of adoption. The Company is currently evaluating the impact of this Statement on its consolidated financial statements.
IntelGenx Technologies Corp.

Notes to Consolidated Interim Financial Statements
March 31, 2017
(Expressed in U.S. Funds)
(Unaudited)

3. Significant Accounting Policies (Cont’d)


In January 2016, the FASB issued ASU 2016-01, which will significantly change practice for all entities. The targeted amendments to existing guidance are expected to include:

1. Equity investments that do not result in consolidation and are not accounted for under the equity method would be measured at fair value through net income, unless they qualify for the proposed practicability exception for investments that do not have readily determinable fair values.

2. Changes in instrument-specific credit risk for financial liabilities that are measured under the fair value option would be recognized in other comprehensive income.

3. Entities would make the assessment of the realizability of a deferred tax asset (DTA) related to an available-for-sale (AFS) debt security in combination with the entity’s other DTAs. The guidance would eliminate one method that is currently acceptable for assessing the realizability of DTAs related to AFS debt securities. That is, an entity would no longer be able to consider its intent and ability to hold debt securities with unrealized losses until recovery.

4. Disclosure of the fair value of financial instruments measured at amortized cost would no longer be required for entities that not public business entities.

For public business entities, the amendments in this Update are effective for fiscal years beginning after December 15, 2017, including interim periods within those fiscal years. The Company is currently evaluating the impact of this Statement on its consolidated financial statements.

ASU 2017-04 – Intangibles – Goodwill and Other (Topic 350) Simplifying the Test for Goodwill Impairment

The FASB issued ASU 2017-04 which eliminates Step 2 from the goodwill impairment test and eliminates the requirements for any reporting unit with a zero or negative carrying amount to perform a qualitative assessment. These amendments are effective for a public business entity for fiscal years beginning after December 15, 2019. Early adoption is permitted in any interim or annual period and should be applied on a retrospective basis. The Company is currently evaluating the impact of this Statement on its consolidated financial statements.
3. Significant Accounting Policies (Cont’d)

**ASU 2017-01 - Business Combinations (Topic 805) Clarifying the Definition of a Business**

The FASB issued ASU 2017-01 clarifies the definition of a business and is intended to help companies evaluate whether transactions should be accounted for as acquisitions (or disposals) of assets or businesses. These amendments are effective for a public business entity for fiscal years beginning after December 15, 2017, including interim periods within those fiscal years. Early adoption is permitted under certain circumstances and should be applied on a prospective. The Company is currently evaluating the impact of this Statement on its consolidated financial statements.

**ASU 2016-16 – Income Taxes (Topic 740) Intra-Entity Transfers of Assets Other Than Inventory**

The FASB issued ASU 2016-16 and requires an entity to recognize the income tax consequences of an intra-entity transfer of an asset other than inventory when the transfer occurs. These amendments are effective for a public business entity for fiscal years beginning after December 15, 2017, including interim periods within those fiscal years. The amendments should be applied on a modified retrospective basis through a cumulative-effect adjustment directly to retained earnings as of the beginning of the period of adoption. The Company is currently evaluating the impact of this Statement on its consolidated financial statements.

**ASU 2016-02: Leases (Topic 842) Section A**

The FASB issued ASU 2016-02 to increase the transparency and comparability among organizations by recognizing lease assets and lease liabilities on the balance sheet and disclosing key information about leasing arrangements.

These amendments are effective for a public business entity for fiscal years beginning after December 15, 2018, including interim periods within those fiscal years.

The Company is currently evaluating the impact of this Statement on its consolidated financial statements.
3. **Significant Accounting Policies (Cont’d)**

**Revenue from Contracts with Customers (Topic 606)**

The FASB and IASB (the Boards) have issued converged standards on revenue recognition. ASU No. 2014-09 which affects any entity using U.S. GAAP that either enters into contracts with customers to transfer goods or services or enters into contracts for the transfer of nonfinancial assets unless those contracts are within the scope of other standards. This ASU will supersede the revenue recognition requirements in Topic 605, Revenue Recognition and most industry-specific guidance. The core principle of the guidance is that an entity should recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. To achieve that core principle, an entity should apply the following steps:

- Step 1: Identify the contract(s) with a customer.
- Step 2: Identify the performance obligations in the contract.
- Step 3: Determine the transaction price.
- Step 4: Allocate the transaction price to the performance obligations in the contract.
- Step 5: Recognize revenue when (or as) the entity satisfies a performance obligation.

In the year ended December 31, 2016, the FASB issued three new amendments related to Topic 606:

1. **ASU 2016-08: Revenue from Contracts with Customers (Topic 606): Principal versus Agent Considerations (Reporting Revenue Gross versus Net)** which was issued to add clarification to the implementation guidance on principle versus agent considerations. This amendment does not provide any changes to the previously issued ASU No. 2014-09 and is effective for the same reporting period which was deferred by one year in ASU 2015-14: Revenue From Contracts With Customers (Topic 606), Deferral of the Effective Date.

2. **ASU 2016-10: Revenue from Contracts with Customers (Topic 606): Identifying Performance Obligations and Licensing** which was issued to clarifying the following two aspects of topic 606; identifying performance obligations and the licensing implementation guidance. This amendment does not provide any changes to the previously issued ASU No. 2014-09 and is effective for the same reporting period which was deferred by one year in ASU 2015-14: Revenue From Contracts With Customers (Topic 606), Deferral of the Effective Date.

3. **ASU 2016-11 Revenue Recognition (Topic 605) and Derivatives and Hedging (Topic 815): Rescission of SEC Guidance Because of Accounting Standards Updates 2014-09 and 2014-16 Pursuant to Staff Announcements at the March 3, 2016 EITF Meeting.** With this amendment, the SEC Staff is rescinding the following SEC Staff Observer comments that are codified in Topic 605, Revenue Recognition, and Topic 932, Extractive Activities—Oil and Gas, effective upon adoption of Topic 606. This amendment is effective immediately.
3. **Significant Accounting Policies (Cont’d)**

Public business entities, certain not-for-profit entities, and certain employee benefit plans should apply the guidance in Update 2014-09 to annual reporting periods beginning after December 15, 2017, including interim reporting periods within that reporting period. Earlier application is permitted only as of annual reporting periods beginning after December 15, 2016, including interim reporting periods within that reporting period.

This ASU is to be applied retrospectively, with certain practical expedients allowed. The Company is currently evaluating the impact of this Statement on its consolidated financial statements.

4. **Leasehold Improvements and Equipment**

As at March 31, 2017 no depreciation has been recorded on manufacturing equipment in the amount of $339 as the equipment is not ready for use.

5. **Bank indebtedness**

The Company’s credit facility is subject to review annually and consists of an operating demand line of credit of up to CAD$250 thousand and corporate credits cards of up to CAD$75 thousand. Borrowings under the operating demand line of credit bear interest at the Bank’s prime lending rate plus 2%. The credit facility and term loan (see note 7) are secured by a first ranking movable hypothec on all present and future movable property of the Company and a 50% guarantee by Export Development Canada, a Canadian Crown corporation export credit agency. The terms of the banking agreement require the Company to comply with certain debt service coverage and debt to net worth financial covenants on an annual basis at the end of the Company’s fiscal year. As at March 31, 2017, the Company has not drawn on its credit facility.

6. **Deferred Revenue**

On August 5, 2016, the Company sold its U.S. royalty on future sales of Forfivo XL ® to SWK Holdings Corporation for $6 million. Under the terms of the agreement, SWK paid IntelGenx $6 million at closing. In return for, (i) 100% of any and all royalties or similar royalty amounts received on or after April 1, 2016, (ii) 100% of the $2 million milestone payment upon Edgemont reaching annual net sales of $15 million, and (iii) 35% of all potential future milestone payments.

The deferred revenue represents the remaining, unrecognized portion of the payment received for the royalty on future sales in the amount of $6 million less the Q2 royalties recognized in the second quarter of 2016 in the amount of $352 thousand. The deferred revenue will be recognized as other revenue on a straight-line basis until December 31, 2017.
6. Deferred Revenue (cont’d)

10% of the proceeds were paid to our former development partner, Cary Pharmaceuticals Inc. This amount is included in prepaid expenses and will be recognized as cost of royalty, license and other revenue on a straight-line basis until December 31, 2017.

7. Long-term debt

The components of the Company’s debt are as follows:

<table>
<thead>
<tr>
<th></th>
<th>March 31, 2017</th>
<th>December 31, 2016</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>$</td>
<td>$</td>
</tr>
<tr>
<td>Term loan facility</td>
<td>2,519</td>
<td>2,636</td>
</tr>
<tr>
<td>Secured loan</td>
<td>601</td>
<td>633</td>
</tr>
<tr>
<td>Total debt</td>
<td>3,120</td>
<td>3,269</td>
</tr>
<tr>
<td>Less: current portion</td>
<td>710</td>
<td>704</td>
</tr>
<tr>
<td>Total long-term debt</td>
<td>2,410</td>
<td>2,565</td>
</tr>
</tbody>
</table>

The Company’s term loan facility consists of a total of CAD$4 million bearing interest at the Bank’s prime lending rate plus 2.50%. The term loan is subject to the same security and financial covenants as the bank indebtedness (see note 5).

The secured loan has a principal balance authorized of CAD$1 million bearing interest at prime plus 7.3%, reimbursable in monthly principal payments of CAD$17 thousand from January 2017 to March 2021. The loan is secured by a second ranking on all present and future property of the Company. The terms of the banking agreement require the Company to comply with certain debt service coverage and debt to net worth financial covenants on an annual basis at the end of the Company’s fiscal year.

Principal repayments due in each of the next five years are as follows:

<table>
<thead>
<tr>
<th>Year</th>
<th>Due</th>
</tr>
</thead>
<tbody>
<tr>
<td>2017</td>
<td>$532 (CAD 709)</td>
</tr>
<tr>
<td>2018</td>
<td>$710 (CAD 945)</td>
</tr>
<tr>
<td>2019</td>
<td>$710 (CAD 945)</td>
</tr>
<tr>
<td>2020</td>
<td>$710 (CAD 945)</td>
</tr>
<tr>
<td>2021</td>
<td>$458 (CAD 610)</td>
</tr>
</tbody>
</table>
8. Capital Stock

<table>
<thead>
<tr>
<th>Authorized</th>
<th>March 31, 2017</th>
<th>December 31, 2016</th>
</tr>
</thead>
<tbody>
<tr>
<td>- 100,000,000 common shares of $0.00001 par value</td>
<td>- 1</td>
<td>- 1</td>
</tr>
<tr>
<td>- 20,000,000 preferred shares of $0.00001 par value</td>
<td>- 1</td>
<td>- 1</td>
</tr>
<tr>
<td>Issued</td>
<td>65,422,020 (December 31, 2016 - 64,812,020) common shares</td>
<td>$</td>
</tr>
</tbody>
</table>

9. Additional Paid-In Capital

Stock options

During the three-month period ended March 31, 2017, on January 18, 2017, 300,000 options to purchase common stock were granted to non-employee directors under the 2016 Stock Option Plan. The options have an exercise price of $0.89. The options vest immediately and expire 10 years after the grant date. The stock options were accounted for at their fair value, as determined by the Black-Scholes valuation model, of approximately $114 thousand.

During the three-month period ended March 31, 2017 a total of 50,000 stock options were exercised for 50,000 common shares having a par value of $0 thousand in aggregate, for cash consideration of $21 thousand, resulting in an increase in additional paid-in capital of $21 thousand. No stock options were exercised during the three-month period ended March 31, 2016.

Compensation expenses for stock-based compensation of $170 thousand and $63 thousand were recorded during the three-month periods ended March 31, 2017 and March 31, 2016 respectively. An amount of $168 thousand expensed in the first quarter of 2017 relates to stock options granted to employees and directors and an amount of $2 thousand relates to stock options granted to a consultant. The entire amount expensed in the first quarter of 2016 relates to stock options granted to employees and directors. As at March 31, 2017 the Company has $238 thousand (2016 - $159 thousand) of unrecognized stock-based compensation.

Warrants

During the three-month period ended March 31, 2017 a total of 560,000 warrants were exercised for 560,000 common shares having a par value of $Nil in aggregate, for cash consideration of approximately $316 thousand, resulting in an increase in additional paid-in capital of approximately $316 thousand. No warrants were exercised during the three-month period ended March 31, 2016.
10. Related Party Transactions

Included in management salaries are $Nil (2016 - $1 thousand) for options granted to the Chief Executive Officer, $15 thousand (2016 - $15 thousand) for options granted to the Chief Financial Officer, $3 thousand (2016 - $3 thousand) for options granted to the Vice President, Operations, $1 thousand (2016 - $1 thousand) for options granted to the Vice-President, Research and Development, $8 thousand (2016 – $Nil) for options granted to Vice-President, Business and Corporate Development and $Nil (2016 - $2 thousand) for options granted to the Vice President, Corporate Development under the 2016 Stock Option Plan and $119 thousand (2016 - $35 thousand) for options granted to non-employee directors.

Also included in management salaries are director fees of $68 thousand (2016 - $44 thousand).

The above related party transactions have been measured at the exchange amount which is the amount of the consideration established and agreed to by the related parties.

11. Basic and Diluted Loss Per Common Share

Basic and diluted loss per common share is calculated based on the weighted average number of shares outstanding during the period. Common share equivalents from stock options and warrants are also included in the diluted per share calculations unless the effect of the inclusion would be antidilutive.

12. Subsequent event

Subsequent to the quarter end, on April 5, 2017, the Company filed a preliminary short form prospectus with respect to an offering of a minimum of Cdn$7,000,000 and a maximum of Cdn$10,000,000 aggregate principal amount of 8% convertible unsecured subordinated debentures due June 30, 2020 at a price of Cdn$1,000 per Debenture. Concurrently with the filing of the Prospectus, the Corporation has filed a registration statement on Form S-1 with the United States Securities and Exchange Commission to register the Debentures and the shares of common stock underlying the Debentures.

The Debentures will bear interest at an annual rate of 8%, payable semi-annually on the last day of June and December of each year, commencing on June 30, 2017. The size of the Offering and the conversion price will be determined in the context of the market prior to filing of a (final) short form prospectus. Total issue costs related to this transaction will amount to approximately Cdn$350,000 and a commission of 6% of the gross proceeds will be paid.
## Contents

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<th>Section</th>
<th>Page</th>
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</thead>
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<td>F - 16</td>
</tr>
<tr>
<td>Consolidated Balance Sheets</td>
<td>F - 17</td>
</tr>
<tr>
<td>Consolidated Statements of Shareholders' Equity</td>
<td>F - 18 - 19</td>
</tr>
<tr>
<td>Consolidated Statements of Comprehensive Loss</td>
<td>F - 20</td>
</tr>
<tr>
<td>Consolidated Statements of Cash Flows</td>
<td>F - 21</td>
</tr>
<tr>
<td>Notes to Consolidated Financial Statements</td>
<td>F - 22 - 45</td>
</tr>
</tbody>
</table>

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Report of Independent Registered Public Accounting Firm

To the Shareholders and Board of Directors of
IntelGenx Technologies Corp.

We have audited the accompanying consolidated balance sheets of IntelGenx Technologies Corp. as at December 31, 2016 and 2015 and the related consolidated statements of comprehensive loss, shareholders' equity and cash flows for the years then ended. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. The Company is not required to have, nor were we engaged to perform an audit of its internal control over financial reporting. Our audits included consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company’s internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, these consolidated financial statements present fairly in all material respects, the financial position of the Company as at December 31, 2016 and 2015 and the results of its operations and its cash flows for the years then ended in accordance with U.S. generally accepted accounting principles.

Richter LLP (Signed) ¹

Montréal, Québec
March 28, 2017

¹ CPA auditor, CA, public accountancy permit No. A112505

514.934.3400
mtlinfo@richter.ca

Richter LLP
1981 McGill College
Mtl (Qc) H3A 0G6
www.richter.ca
Montréal, Toronto

F-16
## IntelGenx Technologies Corp.

### Consolidated Balance Sheets

As at December 31, 2016 and 2015
(Expressed in Thousands of U.S. Dollars ($’000) Except Share and Per Share Data)

<table>
<thead>
<tr>
<th></th>
<th>2016</th>
<th>2015</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Assets</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Current</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cash and cash equivalents</td>
<td>$612</td>
<td>$2,865</td>
</tr>
<tr>
<td>Short-term investments</td>
<td>3,884</td>
<td>-</td>
</tr>
<tr>
<td>Accounts receivable</td>
<td>1,044</td>
<td>1,140</td>
</tr>
<tr>
<td>Prepaid expenses</td>
<td>566</td>
<td>70</td>
</tr>
<tr>
<td>Investment tax credits</td>
<td>246</td>
<td>97</td>
</tr>
<tr>
<td><strong>Total Current Assets</strong></td>
<td>6,352</td>
<td>4,172</td>
</tr>
<tr>
<td><strong>Leasehold Improvements and Equipment, net (note 6)</strong></td>
<td>5,730</td>
<td>4,238</td>
</tr>
<tr>
<td><strong>Security Deposits</strong></td>
<td>708</td>
<td>506</td>
</tr>
<tr>
<td><strong>Total Assets</strong></td>
<td>$12,790</td>
<td>$8,916</td>
</tr>
<tr>
<td><strong>Liabilities</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Current</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Accounts payable and accrued liabilities</td>
<td>897</td>
<td>1,595</td>
</tr>
<tr>
<td>Current portion of long-term debt (note 9)</td>
<td>704</td>
<td>184</td>
</tr>
<tr>
<td>Deferred revenue (note 8)</td>
<td>3,634</td>
<td>-</td>
</tr>
<tr>
<td><strong>Total Current Liabilities</strong></td>
<td>5,235</td>
<td>1,779</td>
</tr>
<tr>
<td><strong>Deferred lease obligations</strong></td>
<td>45</td>
<td>27</td>
</tr>
<tr>
<td><strong>Long-term debt (note 9)</strong></td>
<td>2,565</td>
<td>1,546</td>
</tr>
<tr>
<td><strong>Total Liabilities</strong></td>
<td>7,845</td>
<td>3,352</td>
</tr>
<tr>
<td><strong>Commitments (note 10)</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Subsequent event (note 17)</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Shareholders’ Equity</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Capital Stock, common shares, $0.00001 par value; 100,000,000 shares authorized; 64,812,020 shares issued and outstanding (2015: 63,615,255 common shares) (note 11)</td>
<td>1</td>
<td>1</td>
</tr>
<tr>
<td><strong>Additional Paid-in-Capital (note 12)</strong></td>
<td>23,700</td>
<td>22,846</td>
</tr>
<tr>
<td><strong>Accumulated Deficit</strong></td>
<td>(17,737)</td>
<td>(16,557)</td>
</tr>
<tr>
<td><strong>Accumulated Other Comprehensive Loss</strong></td>
<td>(1,019)</td>
<td>(726)</td>
</tr>
<tr>
<td><strong>Total Shareholders’ Equity</strong></td>
<td>4,945</td>
<td>5,564</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>$12,790</td>
<td>$8,916</td>
</tr>
</tbody>
</table>

See accompanying notes

Approved on Behalf of the Board:

// Bernd J. Melchers
Director

// Horst G. Zerbe
Director
## Consolidated Statement of Shareholders' Equity
For the Year Ended December 31, 2015
(Expressed in Thousands of U.S. Dollars ($’000) Except Share and Per Share Data)

<table>
<thead>
<tr>
<th></th>
<th>Capital Stock</th>
<th>Additional Paid-In Capital</th>
<th>Accumulated Deficit</th>
<th>Accumulated Other Comprehensive Loss</th>
<th>Total Shareholders' Equity</th>
</tr>
</thead>
<tbody>
<tr>
<td>Balance - December 31, 2014</td>
<td>63,465,255</td>
<td>$ 1</td>
<td>$ 22,654</td>
<td>$(17,848)</td>
<td>$ (234)</td>
</tr>
<tr>
<td>Foreign currency translation adjustment</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>(492)</td>
<td>(492)</td>
</tr>
<tr>
<td>Options exercised (note 12)</td>
<td>150,000</td>
<td>-</td>
<td>62</td>
<td>-</td>
<td>62</td>
</tr>
<tr>
<td>Stock-based compensation (note 12)</td>
<td>-</td>
<td>-</td>
<td>130</td>
<td>-</td>
<td>130</td>
</tr>
<tr>
<td>Net income for the year</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>1,291</td>
<td>1,291</td>
</tr>
<tr>
<td>Balance – December 31, 2015</td>
<td>63,615,255</td>
<td>$ 1</td>
<td>$ 22,846</td>
<td>$(16,557)</td>
<td>$ (726)</td>
</tr>
</tbody>
</table>

See accompanying notes

F - 18
IntelGenx Technologies Corp.

Consolidated Statement of Shareholders' Equity
For the Year Ended December 31, 2016
(Expressed in Thousands of U.S. Dollars ($'000) Except Share and Per Share Data)

<table>
<thead>
<tr>
<th></th>
<th>Capital Stock</th>
<th>Additional Paid-In Capital</th>
<th>Accumulated Deficit</th>
<th>Accumulated Other Comprehensive Loss</th>
<th>Total Shareholders' Equity</th>
</tr>
</thead>
<tbody>
<tr>
<td>Balance - December 31, 2015</td>
<td>63,615,255</td>
<td>$1</td>
<td>$22,846</td>
<td>$(16,557)</td>
<td>$5,564</td>
</tr>
<tr>
<td>Foreign currency translation adjustment</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>(293)</td>
<td>(293)</td>
</tr>
<tr>
<td>Warrants exercised (note 12)</td>
<td>1,056,765</td>
<td>-</td>
<td>596</td>
<td>-</td>
<td>596</td>
</tr>
<tr>
<td>Options exercised (note 12)</td>
<td>140,000</td>
<td>-</td>
<td>63</td>
<td>-</td>
<td>63</td>
</tr>
<tr>
<td>Stock-based compensation (note 12)</td>
<td>-</td>
<td>-</td>
<td>195</td>
<td>-</td>
<td>195</td>
</tr>
<tr>
<td>Net loss for the year</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>(1,180)</td>
<td>(1,180)</td>
</tr>
<tr>
<td>Balance – December 31, 2016</td>
<td>64,812,020</td>
<td>$1</td>
<td>$23,700</td>
<td>$(17,737)</td>
<td>$(1,019)</td>
</tr>
</tbody>
</table>

See accompanying notes
IntelGenx Technologies Corp.

Consolidated Statements of Comprehensive Loss
For the Years Ended December 31, 2016 and 2015
(Expressed in Thousands of U.S. Dollars ($’000) Except Share and Per Share Data)

<table>
<thead>
<tr>
<th></th>
<th>2016</th>
<th>2015</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Revenues</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Royalties</td>
<td>$1,041</td>
<td>$981</td>
</tr>
<tr>
<td>License and other revenue</td>
<td>4,179</td>
<td>4,114</td>
</tr>
<tr>
<td><strong>Total Revenues</strong></td>
<td>5,220</td>
<td>5,095</td>
</tr>
<tr>
<td><strong>Expenses</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cost of royalty, license and other revenue</td>
<td>319</td>
<td>433</td>
</tr>
<tr>
<td>Research and development expense</td>
<td>1,766</td>
<td>1,033</td>
</tr>
<tr>
<td>Selling, general and administrative expense</td>
<td>3,605</td>
<td>2,072</td>
</tr>
<tr>
<td>Depreciation of tangible assets</td>
<td>511</td>
<td>125</td>
</tr>
<tr>
<td>Amortization of intangible assets</td>
<td>-</td>
<td>46</td>
</tr>
<tr>
<td><strong>Total Expenses</strong></td>
<td>6,201</td>
<td>3,709</td>
</tr>
<tr>
<td><strong>Operating (Loss) Income</strong></td>
<td>(981)</td>
<td>1,386</td>
</tr>
<tr>
<td><strong>Interest Income</strong></td>
<td>4</td>
<td>28</td>
</tr>
<tr>
<td><strong>Financing and Interest expense</strong></td>
<td>(203)</td>
<td>(123)</td>
</tr>
<tr>
<td><strong>(Loss) Income Before Income Taxes</strong></td>
<td>(1,180)</td>
<td>1,291</td>
</tr>
<tr>
<td>Income taxes (note 13)</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td><strong>Net (Loss) Income</strong></td>
<td>(1,180)</td>
<td>1,291</td>
</tr>
<tr>
<td><strong>Other Comprehensive Income (Loss)</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Foreign currency translation adjustment</td>
<td>(293)</td>
<td>(492)</td>
</tr>
<tr>
<td><strong>Comprehensive (Loss) Income</strong></td>
<td>$</td>
<td>$799</td>
</tr>
<tr>
<td><strong>Basic:</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Weighted Average Number of Shares Outstanding</td>
<td>63,956,543</td>
<td>63,524,023</td>
</tr>
<tr>
<td>Basic (Loss) Earnings Per Common Share (note 16)</td>
<td>$</td>
<td>(0.02)</td>
</tr>
<tr>
<td><strong>Diluted:</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Weighted Average Number of Shares Outstanding</td>
<td>63,956,543</td>
<td>70,855,146</td>
</tr>
<tr>
<td>Diluted (Loss) Earnings Per Common Share (note 16)</td>
<td>$</td>
<td>(0.02)</td>
</tr>
</tbody>
</table>

See accompanying notes
## Consolidated Statements of Cash Flows

**For the Year Ended December 31, 2016 and 2015**

(Expressed in Thousands of U.S. Dollars ($’000) Except Share and Per Share Data)

<table>
<thead>
<tr>
<th>Funds Provided (Used) - Operating Activities</th>
<th>2016</th>
<th>2015</th>
</tr>
</thead>
<tbody>
<tr>
<td>Net (Loss) Income</td>
<td>$ (1,180)</td>
<td>$ 1,291</td>
</tr>
<tr>
<td>Amortization and depreciation</td>
<td>511</td>
<td>171</td>
</tr>
<tr>
<td>Stock-based compensation</td>
<td>195</td>
<td>130</td>
</tr>
<tr>
<td></td>
<td>(474)</td>
<td>1,592</td>
</tr>
<tr>
<td>Changes in assets and liabilities</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Accounts receivable</td>
<td>96</td>
<td>(488)</td>
</tr>
<tr>
<td>Prepaid expenses</td>
<td>(496)</td>
<td>26</td>
</tr>
<tr>
<td>Investment tax credits receivable</td>
<td>(149)</td>
<td>11</td>
</tr>
<tr>
<td>Security deposits</td>
<td>(202)</td>
<td>(506)</td>
</tr>
<tr>
<td>Accounts payable and accrued liabilities</td>
<td>(698)</td>
<td>1,129</td>
</tr>
<tr>
<td>Deferred revenue</td>
<td>3,634</td>
<td>(1,245)</td>
</tr>
<tr>
<td>Deferred lease obligations</td>
<td>18</td>
<td>27</td>
</tr>
<tr>
<td>Net change in assets and liabilities</td>
<td>2,203</td>
<td>(1,046)</td>
</tr>
<tr>
<td><strong>Net cash provided by operating activities</strong></td>
<td>1,729</td>
<td>546</td>
</tr>
</tbody>
</table>

**Financing Activities**

| Issuance of term loans                     | 1,940      | 1,752      |
| Repayment of term loans                    | (675)      | (22)       |
| Proceeds from exercise of warrants and stock options | 659    | 62         |
| **Net cash provided by financing activities** | 1,924      | 1,792      |

**Investing Activities**

| Additions to leasehold improvements and equipment | (2,326)   | (3,380)    |
| Acquisitions of short-term investments         | (5,236)   | -          |
| Redemptions of short-term investments           | 1,652     | -          |
| **Net cash used in investing activities**       | (5,910)   | (3,380)    |
| Decrease in Cash and Cash Equivalents           | (2,257)   | (1,042)    |
| Effect of Foreign Exchange on Cash and Cash Equivalents | 4      | (492)      |
| **Cash and Cash Equivalents**                  |           |            |
| Beginning of Year                              | 2,865     | 4,399      |
| **End of Year**                                | $ 612     | $ 2,865    |

See accompanying notes
1. **Basis of Presentation**

IntelGenx Technologies Corp. ("IntelGenx" or the “Company”) prepares its financial statements in accordance with accounting principles generally accepted in the United States of America (“USA”). This basis of accounting involves the application of accrual accounting and consequently, revenues and gains are recognized when earned, and expenses and losses are recognized when incurred.

The consolidated financial statements include the accounts of the Company and its subsidiary companies. On consolidation, all inter-entity transactions and balances have been eliminated.

The financial statements are expressed in U.S. funds.

2. **Nature of Business**

IntelGenx was incorporated in the State of Delaware as Big Flash Corp. on July 27, 1999. On April 28, 2006 Big Flash Corp. completed, through the Canadian holding corporation, the acquisition of IntelGenx Corp., a company incorporated in Canada on June 15, 2003.

IntelGenx is a pharmaceutical company focused on the development of novel oral immediate-release and controlled-release products for the pharmaceutical market. More recently, the Company has made the strategic decision to enter the oral film market and is in the process of implementing commercial oral film manufacturing capability. The Company’s product development efforts are based upon three proprietary delivery platforms, including an immediate release oral film “VersaFilm™”, a mucoadhesive tablet “AdVersa™”, and a multilayer controlled release tablet “VersaTab™”. The Company has an aggressive product development initiative that primarily focuses on addressing unmet market needs and focuses on utilization of the U.S. Food and Drug Administration’s (“FDA”) 505(b)(2) approval process to obtain more timely and efficient approval of new formulations of previously approved products.

The Company’s product pipeline currently consists of 14 products in various stages of development from inception through commercialization, including products for the treatment of major depressive disorder, opioid dependence, hypertension, erectile dysfunction, migraine, schizophrenia, idiopathic pulmonary fibrosis, and pain management. Of the products currently under development, 10 utilize the VersaFilm™ technology, 3 utilize the VersaTab™ technology, and one utilizes the AdVersa™ technology.
3. **Adoption of New Accounting Standards**

The FASB issued Update 2015-16, Business Combinations, which requires that an acquirer recognize adjustments to provisional amounts that are identified during the measurement period in the reporting period in which the adjustment amounts are determined. The amendments in this Update require that the acquirer record, in the same period’s financial statements, the effect on earnings of changes in depreciation, amortization, or other income effects, if any, as a result of the change to the provisional amounts, calculated as if the accounting had been completed at the acquisition date. The amendments in this Update require an entity to present separately on the face of the income statement or disclose in the notes the portion of the amount recorded in current-period earnings by line item that would have been recorded in previous reporting periods if the adjustment to the provisional amounts had been recognized as of the acquisition date. The amendments in this Update apply to all entities that have reported provisional amounts for items in a business combination for which the accounting is incomplete by the end of the reporting period in which the combination occurs and during the measurement period have an adjustment to provisional amounts recognized. For public business entities, the amendments in this Update are effective for fiscal years beginning after December 15, 2015, including interim periods within those fiscal years. The amendments in this Update should be applied prospectively to adjustments to provisional amounts that occur after the effective date of this Update with earlier application permitted for financial statements that have not yet been issued. The adoption of this Statement did not have a material effect on the Company’s financial position or results of operations.

The FASB issued amendments to ASU 2015-03, Interest – Imputation of Interest, which are intended to simplify the presentation of debt issuance costs. These amendments require that debt issuance costs related to a recognized debt liability be presented in the balance sheet as a direct deduction from the carrying amount of that debt liability, consistent with debt discounts. The recognition and measurement guidance for debt issuance costs are not affected by the amendments in this ASU. The amendments are effective for public business entities for financial statements issued for fiscal years beginning after December 15, 2015, and interim periods within those fiscal years. The adoption of this Statement did not have a material effect on the Company’s financial position or results of operations.

The FASB issued amendments to ASU 2015-01, Income Statement – Extraordinary and Unusual Items, eliminating from U.S. GAAP the concept of extraordinary items. Subtopic 225-20, Income Statement - Extraordinary and Unusual Items, required that an entity separately classify, present and disclose extraordinary events and transactions. This ASU will also align more closely U.S. GAAP income statement presentation guidance with IAS 1, *Presentation of Financial Statements*, which prohibits the presentation and disclosure of extraordinary items. The amendments are effective for fiscal years, and interim periods within those fiscal years, beginning after December 15, 2015. The adoption of this Statement did not have a material effect on the Company’s financial position or results of operations.
3. Adoption of New Accounting Standards (cont’d)

The FASB issued ASU No. 2014-12, Compensation – Stock Compensation, which requires that a performance target that affects vesting and that could be achieved after the requisite service period be treated as a performance condition. A reporting entity should apply existing guidance in Topic 718, Compensation – Stock Compensation, as it relates to awards with performance conditions that affect vesting to account for such awards. The performance target should not be reflected in estimating the grant-date fair value of the award. Compensation cost should be recognized in the period in which it becomes probable that the performance target will be achieved. The amendments in this ASU are effective for annual periods and interim periods within those annual periods beginning after December 15, 2015. The adoption of this Statement did not have a material effect on the Company’s financial position or results of operations.

The FASB issued ASU 2014-15, Presentation of Financial Statements – Going Concern (Subtopic 205-40): Disclosure of Uncertainties about an Entity’s Ability to Continue as a Going Concern, which is intended to define management’s responsibility to evaluate whether there is substantial doubt about an organization’s ability to continue as a going concern and to provide related footnote disclosures. This ASU provides guidance to an organization’s management, with principles and definitions that are intended to reduce diversity in the timing and content of disclosures that are commonly provided by organizations today in the financial statement footnotes. For public business entities, the amendments in this ASU are effective for fiscal years ending December 31, 2016, including interim periods within fiscal years beginning after December 15, 2016. The adoption of this Statement did not have a material effect on the Company’s financial position or results of operations.

4. Summary of Significant Accounting Policies

Revenue Recognition

The Company recognizes revenue from research and development contracts as the contracted services are performed or when milestones are achieved, recorded as other revenue, in accordance with the terms of the specific agreements and when collection of the payment is reasonably assured. In addition, the performance criteria for the achievement of milestones are met if substantive effort was required to achieve the milestone and the amount of the milestone payment appears reasonably commensurate with the effort expended. Amounts received in advance of the recognition criteria being met, if any, are included in deferred income.

IntelGenx has license agreements that specify that certain royalties are earned by the Company on sales of licensed products in the licensed territories. Royalty revenue is recognized on an accrual basis in accordance with the relevant license agreement.

For the year ended December 31, 2016, the Company recognized royalty revenue earned under a licensing agreement totaling $1,041 thousand compared to $981 thousand in 2015.

For the year ended December 31, 2016, the Company recognized revenues as a result of sales milestones achieved under a licensing agreement totaling $358 thousand compared to $2,808 thousand in 2015.
4. Summary of Significant Accounting Policies (cont’d)

Use of Estimates

The preparation of financial statements in conformity with US GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. The financial statements include estimates based on currently available information and management's judgment as to the outcome of future conditions and circumstances. Significant estimates in these financial statements include the useful lives and impairment of long-lived assets, stock-based compensation costs, and the investment tax credits receivable. Changes in the status of certain facts or circumstances could result in material changes to the estimates used in the preparation of the financial statements and actual results could differ from the estimates and assumptions.

Cash and Cash Equivalents

Cash and cash equivalents is comprised of cash on hand and term deposits with original maturity dates of less than three months that are stated at cost, which approximates fair value.

Accounts Receivable

The Company accounts for trade receivables at original invoice amount less an estimate made for doubtful receivables based on a review of all outstanding amounts on a quarterly basis. Management determines the allowance for doubtful accounts by regularly evaluating individual customer receivables and considering a customer's financial condition, credit history and current economic conditions. The Company writes off trade receivables when they are deemed uncollectible and records recoveries of trade receivables previously written-off when they receive them. Management has determined that no allowance for doubtful accounts is necessary in order to adequately cover exposure to loss in its December 31, 2016 accounts receivable (2015: $Nil).

Investment Tax Credits

Investment tax credits relating to qualifying expenditures are recognized in the accounts at the time at which the related expenditures are incurred and there is reasonable assurance of their realization. Management has made estimates and assumptions in determining the expenditures eligible for investment tax credits claimed. Investment tax credits received in the year ended December 31, 2016 totaled $Nil (2015: $108 thousand).
4. **Summary of Significant Accounting Policies (Cont’d)**

**Leasehold Improvements and Equipment**

Leasehold improvements and equipment are recorded at cost. Provisions for depreciation are based on their estimated useful lives using the methods as follows:

<table>
<thead>
<tr>
<th>On the declining balance method -</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Laboratory and office equipment</td>
<td>20%</td>
</tr>
<tr>
<td>Computer equipment</td>
<td>30%</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>On the straight-line method -</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Leasehold improvements</td>
<td>over the lease term</td>
</tr>
<tr>
<td>Manufacturing equipment</td>
<td>5 – 10 years</td>
</tr>
</tbody>
</table>

Upon retirement or disposal, the cost of the asset disposed of and the related accumulated depreciation are removed from the accounts and any gain or loss is reflected in income. Expenditures for repair and maintenance are expensed as incurred.

**Security Deposits**

Security deposits represent a refundable deposit paid to the landlord in accordance with the lease agreement and deposits held as guarantees by the Company’s lenders in accordance with the lending facilities.

**Impairment of Long-lived Assets**

Long-lived assets held and used by the Company are reviewed for possible impairment whenever events or changes in circumstances indicate the carrying amount of an asset may not be recoverable. Recoverability of assets to be held and used is measured by a comparison of the carrying amount of the assets to the estimated undiscounted cash flows expected to be generated by the asset. If such assets are considered to be impaired, the impairment to be recognized is measured by the amount by which the carrying amount of the asset exceeds the fair value thereof.

**Deferred Lease Obligations**

Rent under operating leases is charged to expense on a straight-line basis over the lease term. Any difference between the rent expense and the rent payable is reflected as deferred lease obligations on the balance sheet.
Deferred lease obligations are amortized on a straight-line basis over the term of the related leases. Lease term includes free rent periods as well as the construction period prior to the commencement of the lease.

Foreign Currency Translation

The Company's reporting currency is the U.S. dollar. The Canadian dollar is the functional currency of the Company's Canadian operations, which is translated to the United States dollar using the current rate method. Under this method, accounts are translated as follows:

- Assets and liabilities - at exchange rates in effect at the balance sheet date;
- Revenue and expenses - at average exchange rates prevailing during the year;
- Equity - at historical rates.

Gains and losses arising from foreign currency translation are included in other comprehensive income.

Income Taxes

The Company accounts for income taxes in accordance with FASB ASC 740 "Income Taxes". Deferred taxes are provided on the liability method whereby deferred tax assets are recognized for deductible temporary differences, and deferred tax liabilities are recognized for taxable temporary differences. Temporary differences are the differences between the reported amounts of assets and liabilities and their tax bases. Deferred tax assets are reduced by a valuation allowance when, in the opinion of management, it is more likely than not that some portion or all of the deferred tax assets will be realized. Deferred tax assets and liabilities are adjusted for the effects of changes in tax laws and rates on the date of enactment.

Unrecognized Tax Benefits

The Company accounts for unrecognized tax benefits in accordance with FASB ASC 740 “Income Taxes”. ASC 740 prescribes a recognition threshold that a tax position is required to meet before being recognized in the financial statements and provides guidance on de-recognition, measurement, classification, interest and penalties, accounting in interim periods, disclosure and transition issues. ASC 740 contains a two-step approach to recognizing and measuring uncertain tax positions. The first step is to evaluate the tax position for recognition by determining if the weight of available evidence indicates that it is more likely than not that the position will be sustained upon ultimate settlement with a taxing authority, including resolution of related appeals or litigation processes, if any. The second step is to measure the tax benefit as the largest amount that is more than 50% likely of being realized upon ultimate settlement.

Additionally, ASC 740 requires the Company to accrue interest and related penalties, if applicable, on all tax positions for which reserves have been established consistent with jurisdictional tax laws. The Company elected to classify interest and penalties related to the unrecognized tax benefits in the income tax provision.
Share-Based Payments

The Company accounts for share-based payments to employees in accordance with the provisions of FASB ASC 718 "Compensation—Stock Compensation" and accordingly recognizes in its financial statements share-based payments at their fair value. In addition, the Company will recognize in the financial statements an expense based on the grant date fair value of stock options granted to employees. The expense will be recognized on a straight-line basis over the vesting period and the offsetting credit will be recorded in additional paid-in capital. Upon exercise of options, the consideration paid together with the amount previously recorded as additional paid-in capital will be recognized as capital stock. The Company estimates its forfeiture rate in order to determine its compensation expense arising from stock-based awards. The Company uses the Black-Scholes option pricing model to determine the fair value of the options.

The Company measures compensation expense for its non-employee stock-based compensation under ASC 505-50, “Accounting for Equity Instruments that are Issued to Other Than Employees for Acquiring, or in Conjunction with Selling, Goods or Services”. The fair value of the option issued is used to measure the transaction, as this is more reliable than the fair value of the services received. The fair value is measured at the value of the Company’s common stock on the date that the commitment for performance by the counterparty has been reached or the counterparty’s performance is complete. The fair value of the equity instrument is charged directly to compensation expense and additional paid-in capital. For common stock issuances to non-employees that are fully vested and are for future periods, the Company classifies these issuances as prepaid expenses and expenses the prepaid expenses over the service period. At no time has the Company issued common stock for a period that exceeds one year.

(Loss) Earnings Per Share

Basic (loss) earnings per share is calculated based on the weighted average number of shares outstanding during the year. Any antidilutive instruments are excluded from the calculation of diluted (loss) earnings per share.

Fair Value Measurements

ASC 820 applies to all assets and liabilities that are being measured and reported on a fair value basis. ASC 820 requires disclosure that establishes a framework for measuring fair value in US GAAP, and expands disclosure about fair value measurements. This statement enables the reader of the financial statements to assess the inputs used to develop those measurements by establishing a hierarchy for ranking the quality and reliability of the information used to determine fair values. The statement requires that assets and liabilities carried at fair value be classified and disclosed in one of the following three categories:

Level 1: Quoted market prices in active markets for identical assets or liabilities.
Level 2: Observable market based inputs or unobservable inputs that are corroborated by market data.
Level 3: Unobservable inputs that are not corroborated by market data.
4. Summary of Significant Accounting Policies (Cont’d)

In determining the appropriate levels, the Company performs a detailed analysis of the assets and liabilities that are subject to ASC 820. At each reporting period, all assets and liabilities for which the fair value measurement is based on significant unobservable inputs are classified as Level 3. Short-term investments are classified as Level 1.

Fair Value of Financial Instruments

The fair value represents management’s best estimates based on a range of methodologies and assumptions. The carrying value of receivables and payables arising in the ordinary course of business and the investment tax credits receivable approximate fair value because of the relatively short period of time between their origination and expected realization.

Recent Accounting Pronouncements

ASU 2016-18 – Statement of Cash Flows (Topic 230) Restricted Cash

In November 2016, the FASB issued ASU 2016-18 which requires that the statement of cash flows explain the change during the period in the total cash, cash equivalents, and amounts generally described as restricted or restricted cash equivalents. The statement is effective for annual periods beginning after December 15, 2017, and interim periods within those annual periods. Early adoption is permitted in any interim or annual period and should be applied on a retrospective basis. The Company is currently evaluating the impact of this Statement on its consolidated financial statements.


In August 2016, the FASB issued ASU 2016-15 which clarifies how certain cash receipts and payments are to be presented in the Statement of cash flows. The statement is effective for annual periods beginning after December 15, 2017, and interim periods within those annual periods. Early adoption is permitted in any interim or annual period, with any adjustments reflected as of the beginning of the fiscal year of adoption. The Company is currently evaluating the impact of this Statement on its consolidated financial statements.

ASU 2016-06 - Derivatives and Hedging (Topic 815) Contingent Put and Call Options in Debt Instruments

The amendments in this Update clarify the requirements for assessing whether contingent call (put) options that can accelerate the payment of principal on debt instruments are clearly and closely related to their debt hosts. An entity performing the assessment under the amendments in this Update is required to assess the embedded call (put) options solely in accordance with the four-step decision sequence.

For public business entities, the amendments in this Update are effective for financial statements issued for fiscal years beginning after December 15, 2016, and interim periods within those fiscal years and should be applied on a retrospective basis.

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4. Summary of Significant Accounting Policies (Cont’d)

ASU 2016-09 - Compensation—Stock Compensation (Topic 718) Improvements to Employee Share-Based Payment Accounting

FASB issued this Update as part of its Simplification Initiative. The areas for simplification in this Update involve several aspects of the accounting for share-based payment transactions, including the income tax consequences, classification of awards as either equity or liabilities, and classification on the statement of cash flows.

For public business entities, the amendments in this Update are effective for annual periods beginning after December 15, 2016, and interim periods within those annual periods. Early adoption is permitted for any entity in any interim or annual period, with any adjustments reflected as of the beginning of the fiscal year of adoption. The Company is currently evaluating the impact of this Statement on its consolidated financial statements.


In January 2016, the FASB issued ASU 2016-01, which will significantly change practice for all entities. The targeted amendments to existing guidance are expected to include:

1. Equity investments that do not result in consolidation and are not accounted for under the equity method would be measured at fair value through net income, unless they qualify for the proposed practicability exception for investments that do not have readily determinable fair values.

2. Changes in instrument-specific credit risk for financial liabilities that are measured under the fair value option would be recognized in other comprehensive income.

3. Entities would make the assessment of the realizability of a deferred tax asset (DTA) related to an available-for-sale (AFS) debt security in combination with the entity’s other DTAs. The guidance would eliminate one method that is currently acceptable for assessing the realizability of DTAs related to AFS debt securities. That is, an entity would no longer be able to consider its intent and ability to hold debt securities with unrealized losses until recovery.

4. Disclosure of the fair value of financial instruments measured at amortized cost would no longer be required for entities that not public business entities.

For public business entities, the amendments in this Update are effective for fiscal years beginning after December 15, 2017, including interim periods within those fiscal years. The Company is currently evaluating the impact of this Statement on its consolidated financial statements.
4. Summary of Significant Accounting Policies (Cont’d)

ASU 2016-02: Leases (Topic 842) Section A

The FASB issued ASU 2016-02 to increase the transparency and comparability among organizations by recognizing lease assets and lease liabilities on the balance sheet and disclosing key information about leasing arrangements.

These amendments are effective for a public business entity for fiscal years beginning after December 15, 2018, including interim periods within those fiscal years.

The Company is currently evaluating the impact of this Statement on its consolidated financial statements.

Revenue from Contracts with Customers (Topic 606):

The FASB and IASB (the Boards) have issued converged standards on revenue recognition. ASU No. 2014-09 which affects any entity using U.S. GAAP that either enters into contracts with customers to transfer goods or services or enters into contracts for the transfer of nonfinancial assets unless those contracts are within the scope of other standards. This ASU will supersede the revenue recognition requirements in Topic 605, Revenue Recognition and most industry-specific guidance. The core principle of the guidance is that an entity should recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. To achieve that core principle, an entity should apply the following steps:

- Step 1: Identify the contract(s) with a customer.
- Step 2: Identify the performance obligations in the contract.
- Step 3: Determine the transaction price.
- Step 4: Allocate the transaction price to the performance obligations in the contract.
- Step 5: Recognize revenue when (or as) the entity satisfies a performance obligation.

In the year ended December 31, 2016, the FASB issued three new amendments related to Topic 606:

1. ASU 2016-08: Revenue from Contracts with Customers (Topic 606): Principal versus Agent Considerations (Reporting Revenue Gross versus Net) which was issued to add clarification to the implementation guidance on principle versus agent considerations. This amendment does not provide any changes to the previously issued ASU No. 2014-09 and is effective for the same reporting period which was deferred by one year in ASU 2015-14: Revenue From Contracts With Customers (Topic 606), Deferral of the Effective Date.

2. ASU 2016-10: Revenue from Contracts with Customers (Topic 606): Identifying Performance Obligations and Licensing which was issued to clarifying the following two aspects of topic 606; identifying performance obligations and the licensing implementation guidance. This amendment does not provide any changes to the previously issued ASU No. 2014-09 and is effective for the same reporting period which was deferred by one year in ASU 2015-14: Revenue From Contracts With Customers (Topic 606), Deferral of the Effective Date.
4. Summary of Significant Accounting Policies (Cont’d)

3. ASU 2016-11 Revenue Recognition (Topic 605) and Derivatives and Hedging (Topic 815): Recission of SEC Guidance Because of Accounting Standards Updates 2014-09 and 2014-16 Pursuant to Staff Announcements at the March 3, 2016 EITF Meeting. With this amendment, the SEC Staff is rescinding the following SEC Staff Observer comments that are codified in Topic 605, Revenue Recognition, and Topic 932, Extractive Activities—Oil and Gas, effective upon adoption of Topic 606. This amendment is effective immediately.

Public business entities, certain not-for-profit entities, and certain employee benefit plans should apply the guidance in Update 2014-09 to annual reporting periods beginning after December 15, 2017, including interim reporting periods within that reporting period. Earlier application is permitted only as of annual reporting periods beginning after December 15, 2016, including interim reporting periods within that reporting period.

This ASU is to be applied retroactively, with certain practical expedients allowed. The Company is currently evaluating the impact of this Statement on its consolidated financial statements.

ASU 2015-11, Inventory (Topic 330): Simplifying the Measurement of Inventory

The amendments in this Update more closely align the measurement of inventory in GAAP with the measurement of inventory in International Financial Reporting Standards (IFRS). An entity should measure inventory within the scope of this Update at the lower of cost and net realizable value. Net realizable value is the estimated selling prices in the ordinary course of business, less reasonably predictable costs of completion, disposal, and transportation. Subsequent measurement is unchanged for inventory measured using LIFO or the retail inventory method.

The Board has amended some of the other guidance in Topic 330 to more clearly articulate the requirements for the measurement and disclosure of inventory. However, the Board does not intend for those clarifications to result in any changes in practice. Other than the change in the subsequent measurement guidance from the lower of cost or market to the lower of cost and net realizable value for inventory within the scope of this Update, there are no other substantive changes to the guidance on measurement of inventory.

The amendments in this Update do not apply to inventory that is measured using last-in, first-out (LIFO) or the retail inventory method. The amendments apply to all other inventory, which includes inventory that is measured using first-in, first-out (FIFO) or average cost.

For public business entities, the amendments in this Update are effective for fiscal years beginning after December 15, 2016, including interim periods within those fiscal years. The amendments in this Update should be applied prospectively with earlier application permitted as of the beginning of an interim or annual reporting period. The adoption of this Statement is not expected to have a material effect on the Company’s financial position or results of operations.
4. Summary of Significant Accounting Policies (Cont’d)


In November 2015, the FASB issued ASU 2015-17, which require that deferred tax liabilities and assets be classified as noncurrent in a classified statement of financial position.

The amendments apply to all entities that present a classified statement of financial position. The current requirement that deferred tax liabilities and assets of a tax-paying component of an entity be offset and presented as a single amount is not affected by the amendments.

For public business entities, the amendments are effective for financial statements issued for annual periods beginning after December 15, 2016, and interim periods within those annual periods. The Company is currently evaluating the impact of this Statement on its consolidated financial statements.

5. Short-term investments

As at December 31, 2016, short-term investments consisting of mutual funds (CAD$3 million) and term deposits ($1,650 million) are with a Canadian financial institution having a high credit rating. The term deposits have a maturity date of August 17, 2017, bear interest at 0.40% and are cashable at any time.

6. Leasehold improvements and Equipment

<table>
<thead>
<tr>
<th></th>
<th>Cost</th>
<th>Accumulated Depreciation</th>
<th>2016 Net Carrying Amount</th>
<th>2015 Net Carrying Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Manufacturing equipment</td>
<td>$2,550</td>
<td>$121</td>
<td>$2,429</td>
<td>$1,050</td>
</tr>
<tr>
<td>Laboratory and office equipment</td>
<td>1,222</td>
<td>415</td>
<td>807</td>
<td>821</td>
</tr>
<tr>
<td>Computer equipment</td>
<td>66</td>
<td>43</td>
<td>23</td>
<td>17</td>
</tr>
<tr>
<td>Leasehold improvements</td>
<td>2,786</td>
<td>315</td>
<td>2,471</td>
<td>2,350</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>6,624</strong></td>
<td><strong>894</strong></td>
<td><strong>5,730</strong></td>
<td><strong>4,238</strong></td>
</tr>
</tbody>
</table>

From the balance of manufacturing equipment, an amount of $125 thousand represents assets which are not yet in service as at December 31, 2016.
7. Bank Indebtedness

The Company's credit facility is subject to review annually and consists of an operating demand line of credit of up to CAD$250 thousand and corporate credits cards of up to CAD$75 thousand. Borrowings under the operating demand line of credit bear interest at the Bank’s prime lending rate plus 2%. The credit facility and term loan (see note 9) are secured by a first ranking movable hypothec on all present and future movable property of the Company and a 50% guarantee by Export Development Canada, a Canadian Crown corporation export credit agency. The terms of the banking agreement require the Company to comply with certain debt service coverage and debt to net worth financial covenants on an annual basis at the end of the Company's fiscal year. As at December 31, 2016, the Company was not in compliance with its financial covenants and has not drawn on its credit facility. The Company has obtained a waiver from the lender.

8. Deferred Revenue

On August 5, 2016, the Company sold its U.S. royalty on future sales of Forfivo XL® to SWK Holdings Corporation for $6 million. Under the terms of the agreement, SWK paid IntelGenx $6 million at closing. In return for, (i) 100% of any and all royalties or similar royalty amounts received on or after April 1, 2016, (ii) 100% of the $2 million milestone payment upon Edgemont reaching annual net sales of $15 million, and (iii) 35% of all potential future milestone payments.

The deferred revenue represents the payment received for the royalty on future sales in the amount of $6 million less the Q2 royalties recognized in the second quarter in the amount of $352 thousand, less the amount recognized in other revenue during the six-month period ended December 31, 2016. The deferred revenue will be recognized as other revenue on a straight-line basis until December 31, 2017.

10% of the proceeds were paid to our former development partner, Cary Pharmaceuticals Inc. This amount is included in prepaid expenses less the portion expensed during the six-month period ended December 31, 2016. This expense will be recognized as cost of royalty, license and other revenue on a straight-line basis until December 31, 2017.
9. Long-term debt

The components of the Company’s debt are as follows:

<table>
<thead>
<tr>
<th></th>
<th>December 31, 2016</th>
<th>December 31, 2015</th>
</tr>
</thead>
<tbody>
<tr>
<td>Term loan facility</td>
<td>$2,636</td>
<td>$1,188</td>
</tr>
<tr>
<td>Secured loan</td>
<td>$633</td>
<td>$542</td>
</tr>
<tr>
<td>Total debt</td>
<td>$3,269</td>
<td>$1,730</td>
</tr>
<tr>
<td>Less: current portion</td>
<td>$704</td>
<td>$184</td>
</tr>
<tr>
<td>Total long-term debt</td>
<td>$2,565</td>
<td>$1,546</td>
</tr>
</tbody>
</table>

The Company's term loan facility consists of a total of CAD$4 million bearing interest at the Bank’s prime lending rate plus 2.50%. The term loan is subject to the same security and financial covenants as the bank indebtedness (see note 7).

The secured loan has a principal balance authorized of CAD$1 million bearing interest at prime plus 7.3%, reimbursable in monthly principal payments of CAD$17 thousand from January 2017 to March 2021. The loan is secured by a second ranking on all present and future property of the Company. The terms of the banking agreement require the Company to comply with certain debt service coverage and debt to net worth financial covenants on an annual basis at the end of the Company’s fiscal year. As at December 31, 2016, the Company was not in compliance with its financial covenants. The Company has obtained a waiver from the lender.

Principal repayments due in each of the next five years are as follows:

<table>
<thead>
<tr>
<th>Year</th>
<th>Amount (CAD)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2017</td>
<td>$704 (CAD 945)</td>
</tr>
<tr>
<td>2018</td>
<td>704 (CAD 945)</td>
</tr>
<tr>
<td>2019</td>
<td>704 (CAD 945)</td>
</tr>
<tr>
<td>2020</td>
<td>704 (CAD 945)</td>
</tr>
<tr>
<td>2021</td>
<td>453 (CAD 610)</td>
</tr>
</tbody>
</table>

10. Commitments

On April 24, 2015 the Company entered into an agreement to lease approximately 17,000 square feet in a property located at 6420 Abrams, St-Laurent, Québec. The Lease has a 10 year and 6-month term commencing September 1, 2015. IntelGenx has retained two options to extend the lease, with each option being for an additional five years. Under the terms of the lease IntelGenx is required to pay base rent of approximately CAD$110 thousand (approximately $82 thousand) per year, which will increase at a rate of CAD$0.25 ($0.19) per square foot every two years.
10. Commitments (Cont’d)

The aggregate minimum rentals, exclusive of other occupancy charges, for property leases expiring in 2026, are approximately $824 thousand, as follows:

<table>
<thead>
<tr>
<th>Year</th>
<th>Minimum Rental (in $)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2017</td>
<td>83</td>
</tr>
<tr>
<td>2018</td>
<td>85</td>
</tr>
<tr>
<td>2019</td>
<td>87</td>
</tr>
<tr>
<td>2020</td>
<td>89</td>
</tr>
<tr>
<td>2021</td>
<td>90</td>
</tr>
<tr>
<td>Thereafter</td>
<td>390</td>
</tr>
</tbody>
</table>

11. Capital Stock

<table>
<thead>
<tr>
<th>Authorized -</th>
<th>2016</th>
<th>2015</th>
</tr>
</thead>
<tbody>
<tr>
<td>100,000,000 common shares of $0.00001 par value</td>
<td></td>
<td></td>
</tr>
<tr>
<td>20,000,000 preferred shares of $0.00001 par value</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Issued -</th>
<th>2016</th>
<th>2015</th>
</tr>
</thead>
<tbody>
<tr>
<td>64,812,020 (December 31, 2015: 63,615,255) common shares</td>
<td>$</td>
<td>$</td>
</tr>
</tbody>
</table>

Stock options

During the year ended December 31, 2016 a total of 140,000 stock options were exercised for 140,000 common shares having a par value of $0 thousand in aggregate, for cash consideration of $63 thousand, resulting in an increase in additional paid-in capital of $63 thousand.

During the year ended December 31, 2015 a total of 150,000 stock options were exercised for 150,000 common shares having a par value of $0 thousand in aggregate, for cash consideration of $62 thousand, resulting in an increase in additional paid-in capital of $62 thousand.

Stock-based compensation of $195 thousand and $130 thousand was recorded during the year ended December 31, 2016 and 2015 respectively. An amount of $193 thousand expensed in 2016 relates to stock options granted to employees and directors and an amount of $2 thousand relates to stock options granted to a consultant. The entire amounts expensed in 2015 relate to stock options granted to employees and directors. As at December 31, 2016 the Company has $320 thousand (2015 - $158 thousand) of unrecognized stock-based compensation, of which $11 thousand (2015 – $nil) relates to options granted to a consultant.
11. Capital Stock (Cont’d)

Warrants

In the year ended December 31, 2016 a total of 1,056,765 warrants were exercised for 1,056,765 common shares having a par value of $Nil in aggregate, for cash consideration of approximately $596 thousand, resulting in an increase in additional paid-in capital of approximately $596 thousand. No warrants were exercised during the year ended December 31, 2015.

12. Additional Paid-In Capital

Stock Options

On May 9, 2016, the Board of Directors of the Company adopted the 2016 Stock Option Plan which amended and restated the 2006 Stock Option. As a result of the adoption of the 2016 Stock Option Plan, no additional options will be granted under the 2006 Stock Option Plan and all previously granted options will be governed by the 2016 Stock Option Plan. The 2016 Stock Option Plan permits the granting of options to officers, employees, directors and eligible consultants of the Company. A total of 6,361,525 shares of common stock were reserved for issuance under this plan, which includes stock options granted under the previous 2006 Stock Option Plan. Options may be granted under the 2016 Stock Option Plan on terms and at prices as determined by the Board except that the options cannot be granted at less than the market closing price of the common stock on the TSX-V on the date prior to the grant. Each option will be exercisable after the period or periods specified in the option agreement, but no option may be exercised after the expiration of 10 years from the date of grant. The 2016 Stock Option Plan provides the Board with more flexibility when setting the vesting schedule for options which was otherwise fixed in the 2006 Stock Option Plan.

On April 2, 2015 the Company granted 200,000 options to purchase common stock to four non-employee directors. The stock options are exercisable at $0.62, and vested immediately. The stock options were accounted for at their fair value, as determined by the Black-Scholes valuation model, of approximately $45 thousand, using the following assumptions:

<table>
<thead>
<tr>
<th>Expected volatility</th>
<th>66%</th>
</tr>
</thead>
<tbody>
<tr>
<td>Expected life</td>
<td>2.5 years</td>
</tr>
<tr>
<td>Risk-free interest rate</td>
<td>0.87%</td>
</tr>
<tr>
<td>Dividend yield</td>
<td>Nil</td>
</tr>
</tbody>
</table>
12. **Additional Paid-In Capital (Cont’d)**

On April 2, 2015 the Company granted 100,000 options to purchase common stock to an officer. The stock options are exercisable at $0.62 per share and vest over 2 years at 25% every six months. The stock options were accounted for at their fair value, as determined by the Black-Scholes valuation model, of approximately $24 thousand, using the following assumptions:

<table>
<thead>
<tr>
<th>Expected volatility</th>
<th>62%</th>
</tr>
</thead>
<tbody>
<tr>
<td>Expected life</td>
<td>3.13 years</td>
</tr>
<tr>
<td>Risk-free interest rate</td>
<td>0.87%</td>
</tr>
<tr>
<td>Dividend yield</td>
<td>Nil</td>
</tr>
</tbody>
</table>

On July 20, 2015 the Company granted 600,000 options to purchase common stock to an employee. The stock options are exercisable at $0.58 per share and vest over 2 years at 25% every six months. The stock options were accounted for at their fair value, as determined by the Black-Scholes valuation model, of approximately $120 thousand, using the following assumptions:

<table>
<thead>
<tr>
<th>Expected volatility</th>
<th>63%</th>
</tr>
</thead>
<tbody>
<tr>
<td>Expected life</td>
<td>3.13 years</td>
</tr>
<tr>
<td>Risk-free interest rate</td>
<td>1.09%</td>
</tr>
<tr>
<td>Dividend yield</td>
<td>Nil</td>
</tr>
</tbody>
</table>

On August 13, 2015 the Company granted 75,000 options to purchase common stock to a non-employee director. The stock options are exercisable at $0.58 per share and vest over 2 years at 25% every six months. The stock options were accounted for at their fair value, as determined by the Black-Scholes valuation model, of approximately $15 thousand, using the following assumptions:

<table>
<thead>
<tr>
<th>Expected volatility</th>
<th>62%</th>
</tr>
</thead>
<tbody>
<tr>
<td>Expected life</td>
<td>3.13 years</td>
</tr>
<tr>
<td>Risk-free interest rate</td>
<td>1.06%</td>
</tr>
<tr>
<td>Dividend yield</td>
<td>Nil</td>
</tr>
</tbody>
</table>

On December 14, 2015 the Company granted 150,000 options to purchase common stock to an employee. The stock options are exercisable at $0.48 per share and vest over 2 years at 25% every six months. The stock options were accounted for at their fair value, as determined by the Black-Scholes valuation model, of approximately $25 thousand, using the following assumptions:

<table>
<thead>
<tr>
<th>Expected volatility</th>
<th>63%</th>
</tr>
</thead>
<tbody>
<tr>
<td>Expected life</td>
<td>3.13 years</td>
</tr>
<tr>
<td>Risk-free interest rate</td>
<td>1.25%</td>
</tr>
<tr>
<td>Dividend yield</td>
<td>Nil</td>
</tr>
</tbody>
</table>
On January 19, 2016 the Company granted 225,000 options to purchase common stock to two officers. The stock options are exercisable at $0.41 per share and vest over 2 years at 25% every six months. The stock options were accounted for at their fair value, as determined by the Black-Scholes valuation model, of approximately $32 thousand, using the following assumptions:

<table>
<thead>
<tr>
<th>Expected volatility</th>
<th>63%</th>
</tr>
</thead>
<tbody>
<tr>
<td>Expected life</td>
<td>3.13 years</td>
</tr>
<tr>
<td>Risk-free interest rate</td>
<td>1.11%</td>
</tr>
<tr>
<td>Dividend yield</td>
<td>Nil</td>
</tr>
</tbody>
</table>

On January 19, 2016 the Company granted 250,000 options to purchase common stock to five non-employee directors. The stock options are exercisable at $0.41 per share and vested immediately. The stock options were accounted for at their fair value, as determined by the Black-Scholes valuation model, of approximately $33 thousand, using the following assumptions:

<table>
<thead>
<tr>
<th>Expected volatility</th>
<th>66%</th>
</tr>
</thead>
<tbody>
<tr>
<td>Expected life</td>
<td>2.5 years</td>
</tr>
<tr>
<td>Risk-free interest rate</td>
<td>1.11%</td>
</tr>
<tr>
<td>Dividend yield</td>
<td>Nil</td>
</tr>
</tbody>
</table>

On September 15, 2016 the Company granted 200,000 options to purchase common stock to an officer, 325,000 options to purchase common stock to 7 employees and 75,000 options to purchase common stock to a non-employee director. The stock options are exercisable at $0.73 per share and vest over 2 years at 25% every six months. The stock options were accounted for at their fair value, as determined by the Black-Scholes valuation model, of approximately $202 thousand, using the following assumptions:

<table>
<thead>
<tr>
<th>Expected volatility</th>
<th>65%</th>
</tr>
</thead>
<tbody>
<tr>
<td>Expected life</td>
<td>5.63 years</td>
</tr>
<tr>
<td>Risk-free interest rate</td>
<td>1.30%</td>
</tr>
<tr>
<td>Dividend yield</td>
<td>Nil</td>
</tr>
</tbody>
</table>

On September 15, 2016 the Company granted 50,000 options to purchase common stock to a consultant. The stock options are exercisable at $0.73 per share and vest over 2 years at 25% every six months. The stock options were accounted for at their fair value, as determined by the Black-Scholes valuation model, of approximately $16 thousand, using the following assumptions:

<table>
<thead>
<tr>
<th>Expected volatility</th>
<th>64%</th>
</tr>
</thead>
<tbody>
<tr>
<td>Expected life</td>
<td>3.13 years</td>
</tr>
<tr>
<td>Risk-free interest rate</td>
<td>0.87%</td>
</tr>
<tr>
<td>Dividend yield</td>
<td>Nil</td>
</tr>
</tbody>
</table>
On December 27, 2016 the Company granted 225,000 options to purchase common stock to 6 employees. The stock options are exercisable at $0.76 per share and vest over 2 years at 25% every six months. The stock options were accounted for at their fair value, as determined by the Black-Scholes valuation model, of approximately $79 thousand, using the following assumptions:

<table>
<thead>
<tr>
<th>Description</th>
<th>Value</th>
</tr>
</thead>
<tbody>
<tr>
<td>Expected volatility</td>
<td>63%</td>
</tr>
<tr>
<td>Expected life</td>
<td>5.63 years</td>
</tr>
<tr>
<td>Risk-free interest rate</td>
<td>2.20%</td>
</tr>
<tr>
<td>Dividend yield</td>
<td>Nil</td>
</tr>
</tbody>
</table>

Information with respect to employees and directors stock option activity for 2015 and 2016 is as follows:

<table>
<thead>
<tr>
<th>Year</th>
<th>Number of options</th>
<th>Weighted average exercise price</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>1,130,000</td>
<td>0.54</td>
</tr>
<tr>
<td>Outstanding – January 1, 2015</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Granted</td>
<td>1,125,000</td>
<td>0.58</td>
</tr>
<tr>
<td>Forfeited</td>
<td>(410,000)</td>
<td>(0.59)</td>
</tr>
<tr>
<td>Expired</td>
<td>(25,000)</td>
<td>(0.45)</td>
</tr>
<tr>
<td>Exercised</td>
<td>(150,000)</td>
<td>(0.41)</td>
</tr>
<tr>
<td></td>
<td>1,670,000</td>
<td>0.56</td>
</tr>
<tr>
<td>Outstanding – December 31, 2015</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Granted</td>
<td>1,300,000</td>
<td>0.62</td>
</tr>
<tr>
<td>Forfeited</td>
<td>(50,000)</td>
<td>(0.53)</td>
</tr>
<tr>
<td>Expired</td>
<td>(120,000)</td>
<td>(0.53)</td>
</tr>
<tr>
<td>Exercised</td>
<td>(140,000)</td>
<td>(0.45)</td>
</tr>
<tr>
<td></td>
<td>2,660,000</td>
<td>0.60</td>
</tr>
</tbody>
</table>
Information with respect to consultant’s stock option activity for 2015 and 2016 is as follows:

<table>
<thead>
<tr>
<th></th>
<th>Number of options</th>
<th>Weighted average exercise price $</th>
</tr>
</thead>
<tbody>
<tr>
<td>Outstanding – January 1, 2015</td>
<td>100,000</td>
<td>0.59</td>
</tr>
<tr>
<td>Expired</td>
<td>(100,000)</td>
<td>0.59</td>
</tr>
<tr>
<td>Outstanding – December 31, 2015</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Granted</td>
<td>50,000</td>
<td>0.73</td>
</tr>
<tr>
<td>Outstanding – December 31, 2016</td>
<td>50,000</td>
<td>0.73</td>
</tr>
</tbody>
</table>

Details of stock options outstanding as at December 31, 2016 are as follows:

<table>
<thead>
<tr>
<th>Exercise prices $</th>
<th>Number of options</th>
<th>Weighted average remaining contractual life (years)</th>
<th>Weighted average exercise price $</th>
<th>Aggregate intrinsic value $</th>
<th>Number of options</th>
<th>Weighted average exercise price $</th>
<th>Aggregate intrinsic value $</th>
</tr>
</thead>
<tbody>
<tr>
<td>0.41</td>
<td>375,000</td>
<td>0.57</td>
<td>0.06</td>
<td>281,250</td>
<td>0.09</td>
<td></td>
<td></td>
</tr>
<tr>
<td>0.48</td>
<td>150,000</td>
<td>0.22</td>
<td>0.03</td>
<td>75,000</td>
<td>0.03</td>
<td></td>
<td></td>
</tr>
<tr>
<td>0.51</td>
<td>20,000</td>
<td>0.00</td>
<td>0.00</td>
<td>20,000</td>
<td>0.01</td>
<td></td>
<td></td>
</tr>
<tr>
<td>0.52</td>
<td>25,000</td>
<td>0.00</td>
<td>0.00</td>
<td>25,000</td>
<td>0.01</td>
<td></td>
<td></td>
</tr>
<tr>
<td>0.52</td>
<td>100,000</td>
<td>0.07</td>
<td>0.02</td>
<td>100,000</td>
<td>0.04</td>
<td></td>
<td></td>
</tr>
<tr>
<td>0.53</td>
<td>125,000</td>
<td>0.14</td>
<td>0.02</td>
<td>125,000</td>
<td>0.05</td>
<td></td>
<td></td>
</tr>
<tr>
<td>0.58</td>
<td>35,000</td>
<td>0.02</td>
<td>0.01</td>
<td>35,000</td>
<td>0.02</td>
<td></td>
<td></td>
</tr>
<tr>
<td>0.58</td>
<td>600,000</td>
<td>0.79</td>
<td>0.13</td>
<td>300,000</td>
<td>0.13</td>
<td></td>
<td></td>
</tr>
<tr>
<td>0.58</td>
<td>75,000</td>
<td>0.10</td>
<td>0.02</td>
<td>37,500</td>
<td>0.02</td>
<td></td>
<td></td>
</tr>
<tr>
<td>0.60</td>
<td>30,000</td>
<td>0.01</td>
<td>0.01</td>
<td>30,000</td>
<td>0.01</td>
<td></td>
<td></td>
</tr>
<tr>
<td>0.62</td>
<td>300,000</td>
<td>0.36</td>
<td>0.07</td>
<td>275,000</td>
<td>0.13</td>
<td></td>
<td></td>
</tr>
<tr>
<td>0.73</td>
<td>600,000</td>
<td>2.16</td>
<td>0.16</td>
<td>-</td>
<td>-</td>
<td></td>
<td></td>
</tr>
<tr>
<td>0.73</td>
<td>50,000</td>
<td>0.09</td>
<td>0.01</td>
<td>-</td>
<td>-</td>
<td></td>
<td></td>
</tr>
<tr>
<td>0.76</td>
<td>225,000</td>
<td>0.83</td>
<td>0.06</td>
<td>-</td>
<td>-</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>2,710,000</td>
<td>5.36</td>
<td>0.60</td>
<td>485,000</td>
<td>0.53</td>
<td>320,000</td>
<td></td>
</tr>
</tbody>
</table>
12. Additional Paid-In Capital (Cont’d)

Stock-based compensation expense recognized in 2016 with regards to the stock options was $195 thousand (2015: $130 thousand). As at December 31, 2016 the Company has $320 thousand (2015 - $158 thousand) of unrecognized stock-based compensation, of which $11 thousand (2015 – $nil) relates to options granted to a consultant. The amount of $195 thousand will be recognized as an expense over a period of two years. A change in control of the Company due to acquisition would cause the vesting of the stock options granted to employees and directors to accelerate and would result in $195 thousand being charged to stock based compensation expense.

Warrants

In the year ended December 31, 2016 a total of 1,056,765 warrants were exercised for 1,056,765 common shares having a par value of $Nil in aggregate, for cash consideration of approximately $596 thousand, resulting in an increase in additional paid-in capital of approximately $596 thousand. No warrants were exercised during the year ended December 31, 2015.

Information with respect to warrant activity for 2015 and 2016 is as follows:

<table>
<thead>
<tr>
<th></th>
<th>Number of warrants (All Exercisable)</th>
<th>Weighted average exercise price $</th>
</tr>
</thead>
<tbody>
<tr>
<td>Outstanding – January 1, 2015 and 2016</td>
<td>7,231,123</td>
<td>0.5646</td>
</tr>
<tr>
<td>Exercised</td>
<td>(1,056,765)</td>
<td>(0.5646)</td>
</tr>
<tr>
<td>Outstanding - December 31, 2016</td>
<td>6,174,358</td>
<td>0.5646</td>
</tr>
</tbody>
</table>

13. Income Taxes

Income taxes reported differ from the amount computed by applying the statutory rates to net income (losses). The reasons are as follows:

<table>
<thead>
<tr>
<th></th>
<th>2016</th>
<th>2015</th>
</tr>
</thead>
<tbody>
<tr>
<td>Statutory income taxes</td>
<td>$(305)</td>
<td>$387</td>
</tr>
<tr>
<td>Net operating losses for which no tax benefits have been recorded</td>
<td>201</td>
<td>-</td>
</tr>
<tr>
<td>Net operating losses used for which no tax benefit had been recorded</td>
<td>-</td>
<td>(484)</td>
</tr>
<tr>
<td>Deficiency of depreciation over capital cost allowance</td>
<td>(206)</td>
<td>(98)</td>
</tr>
<tr>
<td>Non-deductible expenses</td>
<td>105</td>
<td>44</td>
</tr>
<tr>
<td>Undeducted research and development expenses</td>
<td>245</td>
<td>178</td>
</tr>
<tr>
<td>Investment tax credit</td>
<td>(40)</td>
<td>(27)</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>$</td>
<td>$</td>
</tr>
</tbody>
</table>

F - 42
13. Income Taxes (Cont’d)

The major components of the deferred tax assets classified by the source of temporary differences are as follows:

<table>
<thead>
<tr>
<th></th>
<th>2016</th>
<th>2015</th>
</tr>
</thead>
<tbody>
<tr>
<td>Leasehold improvements and equipment</td>
<td>$201</td>
<td>$117</td>
</tr>
<tr>
<td>Net operating losses carryforward</td>
<td>2,062</td>
<td>1,770</td>
</tr>
<tr>
<td>Undeducted research and development expenses</td>
<td>1,501</td>
<td>1,274</td>
</tr>
<tr>
<td>Non-refundable tax credits carryforward</td>
<td>1,190</td>
<td>1,022</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>4,954</td>
<td>4,183</td>
</tr>
</tbody>
</table>

Valuation allowance

<table>
<thead>
<tr>
<th></th>
<th>2016</th>
<th>2015</th>
</tr>
</thead>
<tbody>
<tr>
<td>Valuation allowance</td>
<td>(4,954)</td>
<td>(4,183)</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>$ -</td>
<td>$ -</td>
</tr>
</tbody>
</table>

As at December 31, 2016, management determined that enough uncertainty existed relative to the realization of deferred income tax asset balances to warrant the application of a full valuation allowance. Although management believes that certain of the net operating losses will be applied against earnings in 2017, management continues to believe that enough uncertainty exists relative to the realization of the remaining deferred income tax asset balances such that no recognition of deferred income tax assets is warranted.

There were Canadian and provincial net operating losses of approximately $7,585 thousand (2015: $6,462 thousand) and $7,763 thousand (2015: $6,725 thousand) respectively, that may be applied against earnings of future years. Utilization of the net operating losses is subject to significant limitations imposed by the change in control provisions. Canadian and provincial losses will be expiring between 2027 and 2036. A portion of the net operating losses may expire before they can be utilized.

As at December 31, 2016, the Company had non-refundable tax credits of $1,190 thousand (2015: $1,022 thousand) of which $8 thousand is expiring in 2026, $10 thousand is expiring in 2027, $168 thousand is expiring in 2028, $147 thousand is expiring in 2029, $126 thousand is expiring in 2030, $133 thousand is expiring in 2031, $167 thousand is expiring in 2032 and $111 thousand is expiring in 2033, $84 thousand expiring in 2034 and $99 thousand is expiring in 2035 and $137 thousand expiring in 2036 and undeducted research and development expenses of $5,438 thousand (2015: $4,563 thousand) with no expiration date.

The deferred tax benefit of these items was not recognized in the accounts as it has been fully provided for.

Unrecognized Tax Benefits

The Company does not have any unrecognized tax benefits.
13. Income Taxes (Cont’d)

Tax Years and Examination

The Company files tax returns in each jurisdiction in which it is registered to do business. For each jurisdiction a statute of limitations period exists. After a statute of limitations period expires, the respective tax authorities may no longer assess additional income tax for the expired period. Similarly, the Company is no longer eligible to file claims for refund for any tax that it may have overpaid. The following table summarizes the Company’s major tax jurisdictions and the tax years that remain subject to examination by these jurisdictions as of December 31, 2016:

<table>
<thead>
<tr>
<th>Tax Jurisdictions</th>
<th>Tax Years</th>
</tr>
</thead>
<tbody>
<tr>
<td>Federal - Canada</td>
<td>2013 and onward</td>
</tr>
<tr>
<td>Provincial - Quebec</td>
<td>2013 and onward</td>
</tr>
<tr>
<td>Federal - USA</td>
<td>2013 onward</td>
</tr>
</tbody>
</table>


In US$ thousands

<table>
<thead>
<tr>
<th>Additional Cash Flow Information:</th>
</tr>
</thead>
<tbody>
<tr>
<td>Interest paid</td>
</tr>
<tr>
<td></td>
</tr>
<tr>
<td>2016</td>
</tr>
<tr>
<td>176</td>
</tr>
<tr>
<td>2015</td>
</tr>
<tr>
<td>23</td>
</tr>
</tbody>
</table>

15. Related party transactions

Included in management salaries are $2 thousand (2015 - $3 thousand) for options granted to the Chief Executive Officer, $60 thousand (2015 - $39 thousand) for options granted to the Chief Financial Officer, $12 thousand (2015-$9 thousand) for options granted to the Vice President, Operations, $5 thousand (2015 - $nil) for options granted to the Vice-President, Research and Development, $21 thousand (2015 - $nil) for options granted to the former Vice President, Corporate Development, and $8 thousand for options granted to Vice-President, Business and Corporate Development (2015 – $nil) under the 2006 or 2016 Stock Option Plans and $52 thousand (2015 - $70 thousand) for options granted to non-employee directors.

Included in general and administrative expenses are director fees of $184 thousand (2015: $179 thousand). During the year a non-employee director rendered consulting services amounting to $14 thousand (2015 - $nil).

The above related party transactions have been measured at the exchange amount which is the amount of the consideration established and agreed upon by the related parties.
16. Basic and Diluted Earnings (Loss) Per Common Share

Basic and diluted (loss) earnings per common share is calculated based on the weighted average number of shares outstanding during the year. Common equivalent shares from stock options and warrants are also included in the diluted per share calculations unless the effect of the inclusion would be antidilutive.

17. Subsequent event

Subsequent to the end of the year, on March 6, 2017 IntelGenx executed an agreement to lease approximately an additional 11,000 square feet in a property located at 6410 Abrams, St-Laurent, Quebec (the “Lease”). The lease has an 8 year and 5-month term commencing on October 1, 2017 and IntelGenx has retained two options to extend the Lease, with each option being for an additional five years. Under the terms of the Lease IntelGenx will be required to pay base rent of approximately CAD$74 thousand (approximately $55 thousand) per year, which will increase at a rate of CAD$0.25 ($0.19) per square foot every two years. IntelGenx plans to use the newly leased space to expand its manufacture of oral film VersaFilm™.
PART II
INFORMATION NOT REQUIRED IN PROSPECTUS

Item 13. Other Expenses of Issuance and Distribution

The following table sets forth the costs and expenses payable by us in connection with the distribution of the securities being registered. All of the amounts shown are estimates, except the SEC registration fee. We have agreed to bear all expenses (other than underwriting discounts and selling commissions) in connection with the registration and sale of the securities offered by the selling security holders.

<table>
<thead>
<tr>
<th>Description</th>
<th>Cost</th>
</tr>
</thead>
<tbody>
<tr>
<td>SEC registration fee</td>
<td>$1,080</td>
</tr>
<tr>
<td>FINRA filing fee</td>
<td>-</td>
</tr>
<tr>
<td>Legal fees and expenses</td>
<td>$350,000</td>
</tr>
<tr>
<td>Accountants' fees and expenses</td>
<td>$5,000</td>
</tr>
<tr>
<td>Printing expenses</td>
<td>$5,000</td>
</tr>
<tr>
<td>Blue sky fees and expenses</td>
<td>-</td>
</tr>
<tr>
<td>Miscellaneous expenses</td>
<td>$5,000</td>
</tr>
<tr>
<td><strong>Total:</strong></td>
<td><strong>$466,080</strong></td>
</tr>
</tbody>
</table>

Item 14. Indemnification of Directors and Officers

Section 145 of the Delaware General Corporation Law (the “DGCL”), provides that a corporation may indemnify any person who was or is a party or is threatened to be made a party to any threatened, pending or completed action, suit or proceeding, whether civil, criminal, administrative or investigative (other than an action by or in the right of the corporation) by reason of the fact that he is or was a director, officer, employee or agent of the corporation, or is or was serving at the request of the corporation as a director, officer, employee or agent of another corporation, partnership, joint venture, trust or other enterprise, against expenses (including attorneys’ fees), judgments, fines and amounts paid in settlement actually and reasonably incurred by him in connection with such action, suit or proceeding if he acted in good faith and in a manner he reasonably believed to be in or not opposed to the best interests of the corporation, and, with respect to any criminal action or proceeding, had no reasonable cause to believe his conduct was unlawful. Section 145 further provides that a corporation similarly may indemnify any such person serving in any such capacity who was or is a party or is threatened to be made a party to any threatened, pending or completed action or suit by or in the right of the corporation to procure a judgment in its favor, against expenses (including attorneys’ fees) actually and reasonably incurred in connection with the defense or settlement of such action or suit if he acted in good faith and in a manner he reasonably believed to be in or not opposed to the best interests of the corporation and except that no indemnification shall be made in respect of any claim, issue or matter as to which such person shall have been adjudged to be liable to the corporation unless and only to the extent that the Delaware Court of Chancery or such other court in which such action or suit was brought shall determine upon application that, despite the adjudication of liability but in view of all the circumstances of the case, such person is fairly and reasonably entitled to indemnity for such expenses which the Court of Chancery or such other court shall deem proper.

We have agreed to indemnify our officers and directors to the fullest extent permitted by law. Such indemnification is intended to supplement our officers’ and directors’ liability insurance.

Our certificate of incorporation provides that no director shall be personally liable to the corporation or its stockholders for monetary damages for any breach of fiduciary duty by such director as a director. A director shall be liable to the extent provided by applicable law, however, (a) for breach of the director’s duty of loyalty to the corporation or its stockholders, (b) for acts or omissions not in good faith or which involve intentional misconduct or a knowing violation of law, (c) pursuant to Section 174 of the DGCL, or (d) for any transaction from which the director derived an improper personal benefit.

To the extent permitted by applicable law, we are also authorized to provide indemnification of (and advancement of expenses to) such agents (and any other persons to which Delaware law permits us to provide indemnification) through provisions in our bylaws, agreements with such agents or other persons, voting of security holders or disinterested directors or otherwise, in excess of the indemnification and advancement otherwise permitted by Section 145 of the DGCL, subject only to limits created by applicable Delaware law (statutory or non-statutory), with respect to actions for breach of duty to us, our security holders and others.
Any repeal or modification of any of the foregoing provisions of the indemnification provisions in our certificate of incorporation or bylaws shall be prospective and shall not adversely affect any right or protection of a director, officer, agent, or other person existing at the time of, or increase the liability of any director of our company with respect to any acts or omissions of such director occurring prior to, such repeal or modification.

Insofar as indemnification for liabilities arising under the Securities Act may be permitted to directors, officers or controlling persons of our company, pursuant to the foregoing provisions, or otherwise, we have been advised that, in the opinion of the Securities and Exchange Commission, such indemnification is against public policy as expressed in the Securities Act, and is, therefore, unenforceable. In the event that a claim for indemnification against such liabilities (other than the payment by us of expenses incurred or paid by a director, officer or controlling person of our company in the successful defense of any action, suit or proceeding) is asserted by such director, officer or controlling person in connection with the securities being registered hereunder, we will, unless in the opinion of its counsel the matter has been settled by controlling precedent, submit to a court of appropriate jurisdiction the question whether such indemnification by us is against public policy as expressed in the Securities Act and will be governed by the final adjudication of such issue.

Recent Sales of Unregistered Securities

We have not issued any unregistered securities during the past three years.

Item 16. Exhibits and Financial Statement Schedules

The following exhibits are filed as part of this registration statement.

<table>
<thead>
<tr>
<th>Exhibit No.</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>1.1*</td>
<td>Form of Agency Agreement</td>
</tr>
<tr>
<td>2.1</td>
<td>Share exchange agreement dated April 10, 2006 (incorporated by reference to the Form 8-K/A filed on May 5, 2006)</td>
</tr>
<tr>
<td>3.1</td>
<td>Certificate of Incorporation (incorporated by reference to the Form SB-2 (File No. 333-90149) filed on November 16, 1999) Amendment to the Certificate of Incorporation (incorporated by reference to amendment No. 2 to Form SB-2 (File No. 333-135591) filed on August 28, 2006)</td>
</tr>
<tr>
<td>3.2</td>
<td>135591) filed on August 28, 2006)</td>
</tr>
<tr>
<td>3.3</td>
<td>Amendment to the Certificate of Incorporation (incorporated by reference to the Form DEF 14C filed on April 20, 2007)</td>
</tr>
<tr>
<td>3.4</td>
<td>By-Laws (incorporated by reference to the Form SB-2 (File No. 333-91049) filed on November 16, 1999)</td>
</tr>
<tr>
<td>3.5</td>
<td>Amended and Restated By-Laws (incorporated by reference to the Form 8-K filed on March 31, 2011)</td>
</tr>
<tr>
<td>3.6</td>
<td>Amended and Restated By-Laws (incorporated by reference to the Form 8-K filed on March 21, 2012)</td>
</tr>
<tr>
<td>3.7</td>
<td>Certificate of Amendment to the Corporation’s Certificate of Incorporation dated May 11, 2017 (incorporated by reference to the Form S-1/A Registration Statement filed May 12, 2017)</td>
</tr>
<tr>
<td>4.1*</td>
<td>Form of Indenture</td>
</tr>
<tr>
<td>5.1*</td>
<td>Opinion of Dorsey &amp; Whitney LLP</td>
</tr>
<tr>
<td>5.2*</td>
<td>Opinion of McCarthy Tetrault LLP</td>
</tr>
<tr>
<td>9.1</td>
<td>Voting Trust agreement (incorporated by reference to the Form 8-K/A filed on May 5, 2006)</td>
</tr>
<tr>
<td>9.2</td>
<td>Amended and Restated Unanimous Shareholder’s Agreement, May 26, 2011 Horst Zerbe employment agreement dated October 1, 2014 (incorporated by reference to the Form 10-Q filed on November 12, 2014)</td>
</tr>
<tr>
<td>10.1 +</td>
<td>Registration rights agreement (incorporated by reference to the Form SB-2 (File No. 333-135591) filed on July 3, 2006)</td>
</tr>
<tr>
<td>10.2</td>
<td>Principal's registration rights agreement (incorporated by reference to the Form SB-2 (File No. 333-135591) filed on July 3, 2006)</td>
</tr>
<tr>
<td>10.3</td>
<td>2006 Stock Option Plan (incorporated by reference to the Form S-8 filed on November 21, 2006)</td>
</tr>
<tr>
<td>10.4 +</td>
<td>Amended and Restated 2006 Stock Option Plan, May 29, 2008 (incorporated by reference to the Form 10-K filed on March 25, 2009)</td>
</tr>
</tbody>
</table>
Item 17. Undertakings

The undersigned registrant hereby undertakes:

(1) To file, during any period in which offers or sales are being made, a post-effective amendment to this registration statement:
(a) To include any prospectus required by Section 10(a)(3) of the Securities Act of 1933;

(b) To reflect in the prospectus any facts or events arising after the effective date of the registration statement (or the most recent post-effective amendment thereof) which, individually or in the aggregate, represent a fundamental change in the information set forth in the registration statement. Notwithstanding the foregoing, any increase or decrease in volume of securities offered (if the total dollar value of securities offered would not exceed that which was registered) and any deviation from the low or high end of the estimated maximum offering range may be reflected in the form of prospectus filed with the SEC pursuant to Rule 424(b) if, in aggregate, the changes in volume and price represent no more than a 20 percent change in the maximum aggregate offering price set forth in the “Calculation of Registration Fee” table in the effective registration statement; and

(c) To include any material information with respect to the plan of distribution not previously disclosed in the registration statement or any material change to such information in the registration statement.

(2) That, for the purpose of determining any liability under the Securities Act of 1933, each such post-effective amendment shall be deemed to be a new registration statement relating to the securities offered therein, and the offering of such securities at that time shall be deemed to be the initial bona fide offering thereof.

(3) To remove from registration by means of a post-effective amendment any of the securities being registered which remain unsold at the termination of the offering.

(4) That, for the purpose of determining liability under the Securities Act of 1933 to any purchaser:

   (a) If the Corporation is relying on Rule 430B:

      (i) Each prospectus filed by the Corporation pursuant to Rule 424(b)(3) shall be deemed to be part of the registration statement as of the date the filed prospectus was deemed part of and included in the registration statement; and

      (ii) Each prospectus required to be filed pursuant to Rule 424(b)(2), (b)(5), or (b)(7) as part of a registration statement in reliance on Rule 430B relating to an offering made pursuant to Rule 415(a)(1)(i), (vii), or (x) for the purpose of providing the information required by section 10(a) of the Securities Act shall be deemed to be part of and included in the registration statement as of the earlier of the date such form of prospectus is first used after effectiveness or the date of the first contract of sale of securities in the offering described in the prospectus. As provided in Rule 430B, for liability purposes of the issuer and any person that is at that date an underwriter, such date shall be deemed to be a new effective date of the registration statement relating to the securities in the registration statement to which that prospectus relates, and the offering of such securities at that time shall be deemed to be the initial bona fide offering thereof; provided, however, that no statement made in a registration statement or prospectus that is part of the registration statement or made in a document incorporated or deemed incorporated by reference into the registration statement or prospectus that is part of the registration statement will, as to a purchaser with a time of contract of sale prior to such effective date, supersede or modify any statement that was made in the registration statement or prospectus that was part of the registration statement or made in any such document immediately prior to such effective date; or

   (b) If the Corporation is subject to Rule 430C: Each prospectus filed pursuant to Rule 424(b) as part of a registration statement relating to an offering, other than registration statements relying on Rule 430B or other than prospectuses filed in reliance on Rule 430A, shall be deemed to be part of and included in the registration statement as of the date it is first used after effectiveness; provided, however, that no statement made in a registration statement or prospectus that is part of the registration statement or made in a document incorporated or deemed incorporated by reference into the registration statement or prospectus that is part of the registration statement will, as to a purchaser with a time of contract of sale prior to such first use, supersede or modify any statement that was made in the registration statement or prospectus that was part of the registration statement or made in any such document immediately prior to such date of first use.

(5) That, for the purpose of determining liability of the registrant under the Securities Act of 1933 to any purchaser in the initial distribution of the securities: The undersigned registrant undertakes that in a primary offering of securities of the undersigned registrant pursuant to this registration statement, regardless of the underwriting method used to sell the securities to the purchaser, if the securities are offered or sold to such purchaser by means of any of the following communications, the undersigned registrant will be a seller to the purchaser and will be considered to offer or sell such securities to such purchaser:
Any preliminary prospectus or prospectus of the undersigned registrant relating to the offering required to be filed pursuant to Rule 424;

Any free writing prospectus relating to the offering prepared by or on behalf of the undersigned registrant or used or referred to by the undersigned registrant;

The portion of any other free writing prospectus relating to the offering containing material information about the undersigned registrant or its securities provided by or on behalf of the undersigned registrant; and

Any other communication that is an offer in the offering made by the undersigned registrant to the purchaser.

For purposes of determining any liability under the Securities Act of 1933, the information omitted from the form of prospectus filed as part of this registration statement in reliance upon Rule 430A and contained in a form of prospectus filed by the registrant pursuant to Rule 424(b)(1) or (4) or 497(h) under the Securities Act shall be deemed to be part of this registration statement as of the time it was declared effective.

Insofar as Indemnification for liabilities arising under the Securities Act of 1933 may be permitted to directors, officers and controlling persons of the registrant pursuant to the foregoing provision, or otherwise, the registrant has been advised that in the opinion of the SEC such indemnification is against public policy as expressed in the Act and, therefore, unenforceable. In the event that a claim for indemnification against such liabilities (other than the payment by the registrant of expenses incurred or paid by a director, officer or controlling person of the registrant in the successful defense of any action, suit or proceeding) is asserted by such director, officer or controlling person in connection with the securities being registered, the registrant will, unless in the opinion of its counsel the matter has been settled by controlling precedent, submit to a court of appropriate jurisdiction the question of whether such indemnification by it is against public policy as expressed in the Act and will be governed by the final adjudication of such issue.

The undersigned registrant hereby undertakes that, for purposes of determining any liability under the Securities Act of 1933, each filing of the registrant's annual report pursuant to section 13(a) or section 15(d) of the Securities Exchange Act of 1934 (and, where applicable, each filing of an employee benefit plan's annual report pursuant to section 15(d) of the Securities Exchange Act of 1934) that is incorporated by reference in the registration statement shall be deemed to be a new registration statement relating to the securities offered therein, and the offering of such securities at that time shall be deemed to be the initial bona fide offering thereof.
Pursuant to the requirements of the Securities Act of 1933, the Registrant has duly caused this Amendment No. 2 to the Registration Statement to be signed on its behalf by the undersigned, thereunto duly authorized, in the City of Ville St-Laurent, Province of Quebec, on June 29, 2017.

INTELENGX TECHNOLOGIES CORP.

By: /s/ Horst G. Zerbe
    Horst G. Zerbe
    Chief Executive Officer and President
    (Principal Executive Officer)

By: /s/ Andre Godin
    Andre Godin
    Chief Financial Officer (Principal Financial and
    Accounting Officer)
Each person whose signature appears below constitutes and appoints Horst Zerbe his or her true and lawful attorney in fact and agent, with full power of substitution and resubstitution, for him or her and in his or her name, place and stead, in any and all capacities, to sign any or all amendments (including post effective amendments) to the Registration Statement, and to sign any registration statement for the same offering covered by this Registration Statement that is to be effective upon filing pursuant to Rule 462(b) under the Securities Act of 1933, as amended, and all post effective amendments thereto, and to file the same, with all exhibits thereto, and all documents in connection therewith, with the Securities and Exchange Commission, granting unto said attorney-in-fact and agent, full power and authority to do and perform each and every act and thing requisite and necessary to be done in and about the premises, as fully to all intents and purposes as he or she might or could do in person, hereby ratifying and confirming all that said attorney-in-fact and agent, each acting alone, or his or her substitute or substitutes, may lawfully do or cause to be done by virtue hereof.

Pursuant to the requirements of the Securities Act of 1933, this Registration Statement has been signed below by the following persons in the capacities and on the dates indicated.

<table>
<thead>
<tr>
<th>SIGNATURE</th>
<th>TITLE</th>
<th>DATE</th>
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</thead>
<tbody>
<tr>
<td>/s/ Horst G. Zerbe</td>
<td>Chief Executive Officer, President and Director</td>
<td>June 29, 2017</td>
</tr>
<tr>
<td>/s/ Andre Godin</td>
<td>Executive Vice President and Chief Financial Officer</td>
<td>June 29, 2017</td>
</tr>
<tr>
<td>/s/ J. Bernard Boudreau</td>
<td>Director</td>
<td>June 29, 2017</td>
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<tr>
<td>/s/ John Marinucci</td>
<td>Director</td>
<td>June 29, 2017</td>
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<tr>
<td>/s/ Bernd J. Melchers</td>
<td>Director</td>
<td>June 29, 2017</td>
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<tr>
<td>/s/ Clemens Mayr</td>
<td>Director</td>
<td>June 29, 2017</td>
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<tr>
<td>/s/ Mark Nawacki</td>
<td>Director</td>
<td>June 29, 2017</td>
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<tr>
<td>/s/ Ian Troup</td>
<td>Director</td>
<td>June 29, 2017</td>
</tr>
</tbody>
</table>

* By: /s/ Horst G. Zerbe
Horst G. Zerbe, Attorney-in-fact
June 28, 2017

IntelGenx Technologies Corp.
6420 Abrams
Ville Saint-Laurent, Québec
H4S 1Y2

Attention: Horst G. Zerbe
President and Chief Executive Officer

Dear Sir:

The undersigned, Desjardins Securities Inc. (the “Lead Agent”), Laurentian Bank Securities Inc. (“Laurentian”) and Echelon Wealth Partners Inc. (“Echelon”) and, collectively with the Lead Agent and Laurentian, the “Agents” and each individually, an “Agent”) understand that IntelGenx Technologies Corp. (the “Corporation”) proposes to issue and offer for sale a minimum of $5,000,000 and a maximum of $10,000,000 aggregate principal amount of Debentures (as hereinafter defined) due June 30, 2020 (the “Maturity Date”) at a price of $1,000 per Debenture (the “Offering Price”). The Debentures will bear interest at an annual rate of 8% payable semi-annually on the last day of June and December of each year (or the immediately following business day if any interest payment date would not otherwise be a business day), commencing on December 31, 2017. The Debentures will be redeemable, in whole or in part, at the option of the Corporation and each Debenture will be convertible into common shares of the Corporation (“Common Shares”) at the option of the holder at any time prior to the close of business on the earlier of the Maturity Date and the business day immediately preceding the date specified by the Corporation for redemptions of the Debentures, the whole upon and subject to the terms set forth in the Indenture (as hereinafter defined).

The description of the Debentures herein is a summary only and is subject to the specific attributes and detailed provisions of the Debentures as set forth in the Indenture. In case of any inconsistency between the description of the Debentures in this Agreement and the terms of the Debentures as set forth in the Indenture, the provisions of the Indenture shall govern.

In connection with the issue and offer for sale of the Debentures as set forth above (the “Offering”), the Corporation has (i) prepared and filed with the Autorité des marchés financiers (the “Principal Regulator”) and the other Securities Regulators (as hereinafter defined) in accordance with National Instrument 44-101 – Short Form Prospectus a preliminary short form prospectus dated April 5, 2017 (the “Preliminary Prospectus”); (ii) has addressed the comments made by the Principal Regulator, for an on behalf of itself and each of the other Securities Regulators pursuant to the Passport Procedures (as hereinafter defined); (iii) has been cleared by the Principal Regulator, for and on behalf of itself and each of the other Securities Regulators pursuant to the Passport Procedures to file the Final Prospectus (as hereinafter defined); and (iv) has received from the TSX Venture Exchange (the “TSXV”) a conditional approval letter dated May 5, 2017 to list the Debentures and the Common Shares issuable upon the conversion of the Debentures on the TSXV. The Corporation has prepared and will file, concurrently with the execution of this Agreement, the Final Prospectus and all other necessary documents in order to create, authorize and issue the Debentures and to qualify the Debentures for distribution to the public in each of the Qualifying Jurisdictions (as hereinafter defined), and will have obtained the Final Receipt (as hereinafter defined) prior to completing the Offering.
In addition, and further in connection with the Offering, (i) the Corporation has prepared and filed with the Securities and Exchange Commission ("SEC") a Registration Statement on Form S-1 under the U.S. Securities Act (the “Registration Statement”) containing the U.S. Prospectus, for the purpose of registering under the U.S. Securities Act the Debentures being sold in the Qualifying Jurisdictions; (ii) the Corporation has addressed the comments made by the SEC; and (iii) the SEC has declared the Registration Statement effective.

Subject to the terms and conditions set out below, the Corporation hereby appoints the Agents to act as sole agents to the Corporation, and the Agents hereby agree to act as the agents of the Corporation, to effect the sale of the Debentures on behalf of the Corporation on a best efforts basis to Purchasers (as hereinafter defined) in the Qualifying Jurisdictions. The Qualifying Jurisdictions, together with any jurisdiction other than the United States or any other province or territory of Canada, are hereinafter referred to collectively as the “Selling Jurisdictions”. No sales of Debentures may be made to any purchaser in the United States or any province or territory of Canada other than the Qualifying Jurisdictions.

The Corporation agrees that the Selling Group (as hereinafter defined) are under no obligation to purchase any of the Debentures.

In consideration for the Agents’ services to the Corporation in connection with the Offering, the Corporation agrees to pay to the Lead Agent, on behalf of the Agents, at Closing (as hereinafter defined) an aggregate amount in cash (the “Agents’ Fee”) equal to 6% of the gross proceeds from the sale of the Debentures pursuant to the Offering. The Agents agree with the Corporation and each of them that the aggregate Agents’ Fee shall be allocated as follows: (a) 67.5% of the aggregate Agents’ Fee shall be allocated to the Lead Agent, (b) 22.5% of the aggregate Agents’ Fee shall be allocated to Laurentian, and (c) 10.0% of the aggregate Agents’ Fee shall be allocated to Echelon.

The Corporation agrees that the Lead Agent will be permitted to appoint other appropriately registered investment dealers to form a selling group to participate in the offering of the Debentures. The Corporation grants all of the rights and benefits of this Agreement to any investment dealer who is a member of any Selling Group formed by the Lead Agent and appoints the Lead Agent as representatives for all such investment dealers, and the Lead Agent hereby accepts this appointment and agrees to exercise such rights and benefits for and on behalf of all such investment dealers. The Lead Agent shall ensure that any investment dealer who is a member of any Selling Group formed by the Lead Agent pursuant to the provisions of this subsection or with whom the Lead Agent has a contractual relationship with respect to the Offering, if any, shall comply with the covenants and obligations of the Agents herein. The Lead Agent shall, however, be under no obligation to engage any sub-agent or form any Selling Group. Such other brokers and dealers, together with the Agents, are collectively referred to herein as the “Selling Group”.

ARTICLE 1
DEFINED TERMS

In addition to the terms defined above, where used in this Agreement the following terms shall have the respective meanings set out below:

“affiliate”, “distribution”, “material fact”, “material change”, “misrepresentation” and “subsidiary” have the respective meanings ascribed to such terms in the Securities Act (Québec);

“Agents” or “Agent” has the meaning given to it above;

“Agents’ Counsel” means Osler, Hoskin & Harcourt LLP;

“Agents’ Fee” has the meaning given to it above;

“Agreement” means the agreement resulting from the acceptance by the Corporation of the offer made by the Agents by this agreement, including all schedules hereto, as amended or supplemented from time to time;

“Business Day” means a day which is not a Saturday or Sunday or a statutory or civic holiday or a day on which commercial banks are not open for business in Montreal, Québec or New York City, New York;

“Canadian Securities Laws” means all applicable securities laws in each of the Qualifying Jurisdictions and the respective regulations, rules and forms thereunder together with applicable orders, rulings, instruments and published policy statements of the Securities Commissions;

“Closing” means the closing of the delivery of and payment for the Debentures;

“Closing Date” means on or about July 12, 2017 or such other date as the Corporation and the Lead Agent may agree;

“Closing Time” means 8:00 a.m. (Montreal time) on the Closing Date or such other time on the Closing Date as the Corporation and the Lead Agent may agree upon in writing;

“Confidential Information” has the meaning set out in Section 3.1;

“Common Shares” means the common shares in the capital of the Corporation;

“Corporation” means IntelGenx Technologies Corp.;

“Corporation’s Auditors” means such firm of chartered accountants as the Corporation may have appointed or may from time to time appoint as auditors of the Corporation, including prior auditors of the Corporation, as applicable;

“Corporation’s Canadian Counsel” means McCarthy Tétrault LLP, and “Corporation’s U.S. Counsel” means Dorsey & Whitney LLP;
“Debentures” means the Debentures of the Corporation due June 30, 2020, bearing interest at an annual rate of 8% payable semi-annually on the last day of June and December each year (or the immediately following business day if any interest payment date would not otherwise be a business day), commencing on December 31, 2017, to be issued by the Corporation as contemplated by this Agreement, having the attributes corresponding in all material respects to the descriptions thereof in this Agreement and the Prospectus, pursuant to the terms of the Indenture;

“Debenture Trustee” means TSX Trust Company;

“Documents Incorporated by Reference” means all financial statements, management information circulars, annual information forms, material change reports, business acquisition reports or other documents filed by the Corporation, whether before or after the date of this Agreement, that are incorporated by reference, or deemed to be incorporated by reference pursuant to NI 44-101, into the Prospectus or any Supplementary Material;

“Echelon” has the meaning given to it above;

“FDA” has the meaning set in Section 8.1(ee);

“Final Prospectus” means the final short form prospectus dated June 29, 2017 together with Documents Incorporated by Reference therein;

“Financial Information” means the Financial Statements and any selected financial data which is the subject of the opinion of the Corporation’s Auditors, including the sections entitled “Consolidated Capitalization” and any other financial data which is the subject of the opinion of the Corporation’s Auditors or included or incorporated by reference in the Prospectus;

“Financial Statements” means the financial statements of the Corporation included in the Documents Incorporated by Reference, including the notes to such statements and any related auditors’ report on such statements;

“Indemnified Parties” has the meaning set out in Section 11.1;

“Indemnitor” has the meaning set out in Section 11.1;

“Indenture” means the trust indenture to be dated as at the Closing Date between the Corporation and the Debenture Trustee, pursuant to which the Debentures will be created and issued;

“Intellectual Property Rights” has the meaning set out in Section 8.1(cc)(i);

“Laurentian” has the meaning given to it above;

“Lead Agent” has the meaning given to it above;
“material” or “materially” means, in relation to the Corporation, material to the Corporation after giving effect to the transactions contemplated by the Prospectus or this Agreement to be completed at or prior to the Closing Time, including for greater certainty the Offering;

“Material Adverse Effect” means, any change or effect in the business, operations, results of operations, assets, capitalization, financial condition, rights or liabilities of the Corporation which is materially adverse to the business, operations or financial condition of the Corporation;

“NI 44-101” means National Instrument 44-101 – Short Form Prospectus Distributions;

“NI 51-102” means National Instrument 51-102 – Continuous Disclosure Obligations;

“Offering” has the meaning given to it above;

“Offering Price” has the meaning given to it above;

“Passport System” means the system and procedures for prospectus filing and review under Multilateral Instrument 11-102 – Passport System adopted by the Securities Commissions (other than the Ontario Securities Commission) and National Policy 11-202 – Process for Prospectus Reviews in Multiple Jurisdictions;

“Preliminary Prospectus” means the amended and restated preliminary short form prospectus of the Corporation dated April 5, 2017, together with Documents Incorporated by Reference therein;

“Principal Regulator” means the Autorité des marchés financiers;

“Prospectus” means, collectively, the Preliminary Prospectus, the Final Prospectus and any Supplementary Material;

“Purchasers” means, collectively, each of the purchasers of Debentures offered for sale by the Selling Group pursuant to the Offering;

“Qualifying Jurisdictions” means the provinces of Québec, Ontario, Manitoba, Alberta and British Columbia;

“Registration Statement” has the meaning given to it above;

“Regulation S” means Regulation S promulgated under the U.S. Securities Act;

“SEC” has the meaning given to it above;

“Securities Commissions” means, collectively, the securities commissions or similar regulatory authorities in the Qualifying Jurisdictions;

“Securities Laws” means, unless the context otherwise requires, all Canadian Securities Laws and U.S. Securities Laws;
“SEDAR” means the system for electronic document analysis and retrieval operated by the Canadian Securities Administrators;

“Selling Group” has the meaning given to it above;

“Selling Group Member” means a member of the Selling Group other than one of the Agents;

“Selling Jurisdictions” has the meaning given to it above;

“Standard Listing Conditions” has the meaning set out in Section 9.1(a);

“Subsidiary” has the meaning set out in Section 8.1(b);

“Supplementary Material” means, collectively, any amendment to the Prospectus or U.S. Final Prospectus, any post-effective amendment to the Registration Statement, any amended or supplemental prospectus or ancillary material required to be filed under Securities Laws in connection with the distribution of the Debentures together with the Documents Incorporated by Reference therein;

“to the knowledge of the Corporation”, “the Corporation’s knowledge” and similar phrases, mean, in respect of each representation and warranty or other statement which is qualified by such phrases, that such representation and warranty or other statement is being made based upon the actual knowledge of the Corporation’s President and Chief Executive Officer, the Chief Financial Officer, the Corporate Secretary or the Manager, Intellectual Property & Legal Affairs;

“Transfer Agent” means Philadelphia Stock Transfer, Inc. in its capacity as transfer agent and registrar of the Common Shares;

“TSXV” means the TSX Venture Exchange;

“U.S.” or the “United States” means the United States of America, its territories and possessions, any state of the United States and the District of Columbia;


“U.S. Final Prospectus” means the U.S. Prospectus, or if any pricing or other information has been omitted from the U.S. Prospectus at the time the Registration Statement became effective as permitted by Rule 430A under the U.S. Securities Act, means the form of prospectus filed or to be filed pursuant to Rule 424(b) under the U.S. Securities Act containing such previously omitted information;

“U.S. Prospectus” means the prospectus forming part of the Registration Statement at the time it became effective, which prospectus may omit pricing and other information as permitted by Rule 430A under the U.S. Securities Act;

“U.S. Securities Act” means the United States Securities Act of 1933, as amended;
“U.S. Securities Laws” means all applicable securities legislation in the United States, including without limitation, the U.S. Securities Act, the U.S. Exchange Act and the rules and regulations promulgated thereunder, and the rules and policies of the SEC; and

“U.S. Trust Indenture Act” means the United States Trust Indenture Act of 1939, as amended.

ARTICLE 2
PROSPECTUS

2.1 The Corporation has prepared and filed the Preliminary Prospectus in accordance with applicable Canadian Securities Laws, including NI 44-101 and the Passport System, of each of the Securities Commissions in each of the Qualifying Jurisdictions. The Principal Regulator, in its capacity as principal regulator in accordance with the Passport System, has issued a receipt in respect of the Preliminary Prospectus deeming that a receipt has been issued by the Principal Regulator and the Securities Commissions. The Corporation has been notified by the Principal Regulator that it is allowed to file the Final Prospectus.

2.2 The Corporation has prepared and will file, concurrently with the execution of this Agreement, the Final Prospectus and all other necessary documents under the securities laws of the Qualifying Jurisdictions, in order to create, authorize and issue the Debentures and to qualify the Debentures for distribution to the public in each of the Qualifying Jurisdictions, and will have obtained the Final Receipt prior to completing the Offering. In addition, if any pricing or other information was previously omitted from the U.S. Prospectus in accordance with Rule 430A under the U.S. Securities Act at the time the Registration Statement became effective, the Corporation shall prepare and will file, within the prescribed time and prior to completing the Offering, a form of final prospectus with the SEC pursuant to Rule 424(b) under the U.S. Securities Act containing any pricing or other information previously omitted from the U.S. Prospectus.

2.3 Until the date on which the distribution of the Debentures is completed, the Corporation shall use commercially reasonable efforts to promptly take, or cause to be taken, all additional steps and proceedings that may from time to time be required: (i) under Securities Laws to continue to qualify the distribution of the Debentures for sale to the public, in each of the Qualifying Jurisdictions and, if applicable, in the other Selling Jurisdictions; and (ii) under the U.S. Securities Act, to maintain the effectiveness of the Registration Statement and to ensure that, at the time of the sale of the Debentures, it does not contain any material misstatement, or omit any information necessary to make any statement contained therein not misleading, including the filing of any post-effective amendment to the Registration Statement as may be necessary.

2.4 Concurrently with the filing of the Final Prospectus, as applicable, the Corporation shall deliver to the Agents:

(a) an opinion of Corporation’s Counsel or such other acceptable counsel, dated as of the date of the Preliminary Prospectus or the Final Prospectus, as the case may be, in form and substance satisfactory to the Agents, acting reasonably, addressed to the Agents, to the effect that the French language version of each of the Preliminary Prospectus and the Final Prospectus (including the Documents Incorporated by Reference therein), except for the Financial Information as to which no opinion need be expressed by such counsel, is, in all material respects, a complete and proper translation of the English language version thereof; and
(b) an opinion of the Corporation’s Auditors or such other acceptable counsel, dated the date of each of the Preliminary Prospectus and the Final Prospectus, in form and substance satisfactory to the Agent, acting reasonably, addressed to the Agents, to the effect that the French language version of the Financial Information included in the Preliminary Prospectus and the Final Prospectus is, in all material respects, a complete and proper translation of the English language version thereof.

2.5 Concurrently with the filing of the Final Prospectus under Canadian Securities Laws, the Corporation shall deliver to the Agents:

(a) a copy of the Final Prospectus, signed and certified as required by the Canadian Securities Laws applicable in the Qualifying Jurisdictions, together with any Documents Incorporated by Reference not previously filed;

(b) a copy of any other document required to be filed by the Corporation in compliance with Canadian Securities Laws in connection therewith;

(c) a customary “long-form” comfort letter of the Corporation’s Auditors dated as of the date of the Final Prospectus (with the requisite procedures to be completed by the Corporation’s Auditors within two Business Days of the date of the Final Prospectus) addressed to the Agent and to the directors of the Corporation in form and substance satisfactory to the Agents and Agents’ Counsel, acting reasonably, with respect to certain financial and accounting information relating to the Corporation and other numerical data in the Prospectus, including all Documents Incorporated by Reference, which letter shall be in addition to the auditors’ report incorporated by reference into the Prospectus and contained in the U.S. Final Prospectus, and any auditors’ consent letters addressed to the Securities Commissions or the SEC; and

(d) prior to or concurrent with the filing of the Final Prospectus, copies of correspondence indicating that the applications for the listing on the TSXV of the Debentures issuable in connection with the Offering and the Common Shares issuable on the conversion of the Debentures have been approved for listing, subject only to the satisfaction by the Corporation of customary conditions as set out in the TSXV conditional approval letter in respect of the Offering.

2.6 If the Corporation is required to prepare Supplementary Material, the Corporation shall prepare and deliver promptly to the Agents a signed copy of such Supplementary Material including any Documents Incorporated by Reference therein which have not been previously delivered. Concurrently with the delivery of any Supplementary Material, the Corporation shall deliver to the Agents an updated form of “long-form” comfort letter referred to in Section 2.5(c) to the extent it is in need of updating or revision and similar opinions as to translation referred to in Sections 2.4(a) and 2.4(b).
2.7 Delivery of the executed form of the Prospectus to the Agents shall constitute a representation and warranty by the Corporation to the Agents and, if applicable, the Selling Group Members, that as at the date of delivery:

(a) all information and statements (except information and statements provided by or relating solely to the Agents) contained in the Prospectus and Registration Statement are true and correct in all material respects and contain no misrepresentation and constitute full, true and plain disclosure of all material facts relating to the Corporation and the Debentures, including the Common Shares issuable on the conversion of the Debentures;

(b) no material fact or information has been omitted from the Prospectus or Registration Statement (except that no representation or warranty is given regarding facts or information provided by or relating solely to the Agents) which is required to be stated in such disclosure or is necessary to make the statements or information contained in such disclosure not misleading, or not misleading in the light of the circumstances under which they were made;

(c) such document complies in all material respects with the requirements of Canadian Securities Laws, and the Registration Statement and U.S. Final Prospectus comply in all material respects with the requirements of the U.S. Securities Act; and

(d) except as set forth or contemplated in the Prospectus or U.S. Prospectus or any Supplementary Material or as has otherwise been publicly disclosed, there has been no material change (actual, anticipated, contemplated, proposed or, to the knowledge of the Corporation, threatened) in the business, affairs, business prospects, operations, asset liabilities (contingent or otherwise), capital of the Corporation since the end of the period covered by the Financial Statements.

2.8 Such deliveries shall also constitute the Corporation’s consent to the Agents’ and any other member of the Selling Group’s use of the Prospectus and U.S. Final Prospectus for the distribution of the Debentures in compliance with the provisions of this Agreement, Canadian Securities Laws, the U.S. Securities Act and all other applicable securities laws.

2.9 If requested by the Agents, the Corporation shall deliver or cause to be delivered, without charge to the Agents or, if applicable, the Selling Group Members, commercial copies of the Final Prospectus and any Supplemental Material, and will use its commercially reasonable efforts to ensure that such commercial copies are delivered to such addresses as the Agents and, if applicable, the Selling Group Members may reasonably request as soon as possible and, in the case of the Final Prospectus, on or before a date which is two Business Days after the filing of the Final Prospectus in the Qualifying Jurisdictions.
2.10 The Agents shall after the Closing Date give prompt written notice to the Corporation when, in the opinion of the Agents, it has completed the distribution and offering of the Debentures and of the total proceeds realized in each of the Qualifying Jurisdictions.

ARTICLE 3
DUE DILIGENCE

3.1 Prior to the filing of the Final Prospectus, any U.S. Final Prospectus and any Supplementary Material (other than any material filed prior to the date hereof and incorporated by reference therein), the Corporation will allow the Agents and the Selling Group Members to participate in the preparation of the Final Prospectus, any U.S. Final Prospectus, any Supplementary Material and shall allow the Agents and the Selling Group Members to conduct all due diligence which it may reasonably require to conduct in order to fulfill their obligations, in order to enable the Agents to responsibly execute the certificate required to be executed by the Agents in the Prospectus and any applicable Supplementary Material. All information provided to the Agents and the Selling Group Members which is not in the public domain (the “Confidential Information”) will be kept confidential by the Agents and the Selling Group Members and such Confidential Information will not be used or disclosed by the Agents, the Selling Group Members or their respective representatives for any purpose other than the Agents’ and the Selling Group Members’ due diligence review.

ARTICLE 4
COVENANTS AND REPRESENTATIONS OF THE AGENT

4.1 The Agents (for and on behalf of the Agents and the other members of the Selling Group) represent and warrant to, and covenant with, the Corporation, acknowledging that the Corporation is relying upon such representations, warranties and covenants in acting hereunder that each of the Agents and each other member of the Selling Group, as applicable:

(a) has complied and will comply, and shall require any other member of the Selling Group to comply, with Securities Laws in connection with the distribution of the Debentures, shall ensure that each member of the Selling Group agrees to comply with the covenants and obligations given by the Agents herein, to the extent applicable, and shall offer the Debentures in the Selling Jurisdictions directly and through the Selling Group only upon the terms and conditions set out in the Prospectus and this Agreement. The Agents agree to obtain such an agreement of each member of the Selling Group. The Agents will offer and sell, and shall require any member of the Selling Group to offer and sell, the Debentures only in the Selling Jurisdictions where they may be lawfully offered for sale or sold;

(b) by its execution of this Agreement, certifies that each of the Agents is not a person or company in respect of which the Corporation is a “connected issuer” or a “related issuer” within the respective meanings of those terms in National Instrument 33-105 – Underwriting Conflicts of the Canadian Securities Administrators;
shall not, and shall require each member of the Selling Group to agree to not, directly or indirectly, sell or solicit offers to purchase the Debentures or distribute or publish any offering circular, prospectus, form of application, advertisement or other offering materials in any country or jurisdiction so as to require registration or filing of a prospectus with respect thereto or compliance by the Corporation with regulatory requirements (including any continuous disclosure obligations) under the laws of, or subject the Corporation (or any of its directors, officers or employees) to any inquiry, investigation or proceeding of any securities regulatory authority, stock exchange or other authority in, any jurisdiction (other than the filing of the Preliminary Prospectus, the Final Prospectus, the U.S. Final Prospectus, or any Supplementary Material in the Qualifying Jurisdictions or with the SEC);

shall use all commercially reasonable best efforts to complete and to cause the members of the Selling Group to complete the distribution of the Debentures as soon as practicable and the Agents shall advise the Corporation in writing when, in the opinion of the Agents, it has completed the distribution of the Debentures and provide a breakdown of the number of Debentures distributed and proceeds received in each of the Qualifying Jurisdictions where such breakdown is required for the purpose of calculating fees payable to the Securities Commissions (which breakdown shall be provided not later than three Business Days prior to the applicable fee payment deadline);

shall deliver a copy of the Prospectus to each Purchaser in Canada and shall notify each Purchaser that the Debentures it has acquired have been registered under the U.S. Securities Act pursuant to the Registration Statement in accordance with the applicable requirements of the U.S. Securities Act;

in the case of electronic delivery of the Prospectus, comply with the provisions of National Policy 11-201 - *Electronic Delivery of Documents of the Canadian Securities Administrators* and provide written confirmation of such delivery promptly following completion thereof;

holds all licenses and permits that are required for carrying on its business in the manner in which such business has been carried on;

has good and sufficient right and authority to enter into this Agreement and complete the transactions contemplated under this Agreement on the terms and conditions set forth herein; and

is duly and appropriately registered under the securities laws of the Selling Jurisdictions so as to permit it to lawfully fulfil its obligations hereunder.

ARTICLE 5
MARKETING MATERIALS

5.1 Until the Closing or termination of this Agreement, the Corporation and the Agents shall approve in writing (prior to such time that marketing materials are first provided to potential investors) any marketing materials (and amendments thereto) reasonably requested to be provided by the Agents to any potential investor of Debentures, such marketing materials to comply with Securities Laws. The Agents shall provide a copy of any marketing materials used in connection with the Offering to the Corporation in accordance with this Section 5.1 at the latest on or before the day the marketing materials are first provided to any potential investor of Debentures. The Corporation shall file a template version of such marketing materials with the Securities Commissions as soon as reasonably practicable after such marketing materials are so approved in writing by the Corporation and the Agents, and in any event on or before the day the marketing materials are first provided to any potential investor of Debentures, and such filing shall constitute the Agents’ authority to use such marketing materials in connection with the Offering. Any comparables shall be redacted from the template version in accordance with NI 44-101 prior to filing such template version with the Securities Commissions and a complete template version containing such comparables and any disclosure relating to the comparables, if any, shall be delivered to the Securities Commissions by the Corporation.
The Corporation and the Agents (for and on behalf of the Agents and the other members of the Selling Group), on a joint (and not solidary, nor joint and several) basis, covenant and agree:

(a) not to provide any potential investor of Debentures with any marketing materials unless a template version of such marketing materials has been filed by the Corporation with the Securities Commissions on or before the day such marketing materials are first provided to any potential investor of Debentures;

(b) not to provide any potential investor with any materials or information in relation to the distribution of the Debentures or the Corporation other than (i) such marketing materials that have been approved and filed in accordance with this Article 5; (ii) the Prospectus; and (iii) any standard term sheets approved in writing by the Corporation and the Agents; and

(c) that any marketing materials approved and filed in accordance with this Article 5 and any standard term sheets approved in writing by the Corporation and the Agents, shall only be provided to potential investors in the Selling Jurisdictions where the provision of such marketing materials or standard term sheets does not contravene Securities Laws.

The Corporation covenants and agrees to file with the SEC pursuant to Rule 433 under the U.S. Securities Act any marketing materials or other materials required to be so filed as a “free writing prospectus” within the time required by such rule.

The Agents (for and on behalf of the Agents and the other members of the Selling Group) covenant and agree to comply with Securities Laws in connection with the provision of marketing materials to potential investors, including by sending, as soon as practicable following the filing of the Prospectus with the Securities Commissions in each of the Qualifying Jurisdictions, a copy of the Prospectus to each person that previously received marketing materials and expressed an interest in purchasing Debentures.
ARTICLE 6
MATERIAL CHANGE DURING DISTRIBUTION

6.1 The Corporation will promptly notify the Agents in writing if, prior to termination of the distribution of the Debentures, there shall occur any material change or change in a material fact contained in the Prospectus, the U.S. Final Prospectus, the Registration Statement or any Supplementary Material or any event or development involving a prospective material change or a change in a material fact or any other material change concerning the Corporation or any other change which, in each case, is of such a nature as to result in, or could be considered reasonably likely to result in, a misrepresentation in the Prospectus, the U.S. Final Prospectus, the Registration Statement or any Supplementary Material, as they exist immediately prior to such change, or could render any of the foregoing, as they exist immediately prior to such change, not in compliance with any Securities Laws.

6.2 During the period of distribution of the Debentures, the Corporation will promptly notify the Agents in writing with full particulars of any such change referred to in the preceding paragraph and the Corporation shall, to the satisfaction of the Agents, acting reasonably, provided that each of the Agents has taken all actions required by it hereunder to permit the Corporation to do so, file promptly and, in any event, within all applicable time limitation periods with the Securities Commissions or the SEC a new Prospectus, the U.S. Final Prospectus, post-effective amendment to the Registration Statement or other Supplementary Material, as the case may be, or material change report as may be required under the Securities Laws and shall comply with all other applicable filing and other requirements under Securities Laws including any requirements necessary to qualify the distribution of the Debentures and shall deliver to the Agents as soon as practicable thereafter its reasonable requirements of conformed or commercial copies of any such new Prospectus or, if required, other Supplementary Material. Subject to its obligations under Securities Laws, the Corporation will not file any such new amended disclosure documentation or material change report without first obtaining the written approval of the form and content thereof by the Agents, which approval shall not be unreasonably withheld or delayed.

6.3 The Corporation will in good faith discuss with the Agents as promptly as possible any circumstance or event which is of such a nature that there is or reasonably ought to be consideration given as to whether there may be a material change or change in a material fact or other change described in paragraph 6.1.

6.4 If during the period of distribution of the Debentures, there shall be any change in the Securities Laws which, in the reasonable opinion of the Agents, requires the filing of Supplementary Material, the Corporation shall, to the satisfaction of the Agents, acting reasonably, promptly prepare and file such Supplementary Material with the appropriate securities regulatory authority in each of the Qualifying Jurisdictions and with the SEC, or in any other Selling Jurisdictions where such filing is required.
ARTICLE 7
CLOSING

7.1 The Closing shall be completed at the Closing Time via electronic means or at the offices of the Corporation’s Counsel in Montreal, or at such other place as the Lead Agent, for and on behalf of itself and the other members of the Selling Group, and the Corporation may agree upon. At or prior to the Closing Time, the Corporation shall arrange for an instant deposit of Debentures to or for the account of the Agents with CDS Clearing and Depository Services Inc. (“CDS”) against payment by the Agents to the Corporation of the proceeds from the sale of such Debentures net of the Agents’ Fee, payable in cash and expenses of the Agents and the other members of the Selling Group payable under Article 12, in lawful money of Canada by wire transfer. The Agents shall contemporaneously deliver a receipt for such Debentures and the Agents’ Fee and expenses.

ARTICLE 8
REPRESENTATIONS, WARRANTIES
AND COVENANTS OF THE CORPORATION

8.1 The Corporation hereby represents and warrants to the Agents (for and on behalf of the Agents and the other members of the Selling Group) and acknowledges that the Agents (for and on behalf of the Agents and the other members of the Selling Group) are relying upon such representations and warranties in acting hereunder that:

(a) Reporting Issuer and TSXV Status. The Corporation is a “reporting issuer” (a) in the Qualifying Jurisdictions, and (b) is not in default of any requirement of applicable Securities Laws in any material respect. The Corporation is not in material default of any requirement of such legislation or of any corporate or administrative policies including, without limitation, the Delaware General Corporation Law, and is in all material respects in compliance with the by-laws, rules and regulations of the TSXV.

(b) No Subsidiaries. The Corporation has no direct or indirect subsidiaries and does not own any securities of any entity (excluding portfolio investments) other than securities in the capital of IntelGenx Corp. (“Subsidiary”) and 6544631 Canada Inc. which are held as follows: (a) the Corporation holds 100% of the outstanding securities of 6544631 Canada Inc. except for the exchangeable shares in the capital of 6544631 Canada Inc. which are not held by the Corporation and which are exchangeable by their holders, on a one for one basis, into Common Shares; (b) 6544631 Canada Inc. holds all of the outstanding securities of IntelGenx Corp.; and (c) no other person has any other right, option or agreement to acquire any securities of such subsidiaries. Each of the subsidiaries of the Corporation are duly incorporated and authorized to carry on business in the jurisdiction in which it carries on business or owns property where so required by the laws of the jurisdiction.
(c) **Domestic Issuer.** The Corporation is a “domestic issuer” (as defined in Rule 902(e) of Regulation S under the U.S. Securities Act).

(d) **U.S. Reporting Issuer; Compliance with U.S. Securities Laws.** The common shares of the Corporation are registered under Section 12(g) of the U.S. Exchange Act and the Corporation has timely filed all required reports under the U.S. Exchange Act with the SEC and such filings are accurate and complete, and comply with all applicable form requirements, in all material respects. The Corporation meets all applicable qualification requirements to file a registration statement on Form S-1 with the SEC as a “smaller reporting company”. The Registration Statement has been declared effective by the SEC and no “stop order” has been issued suspending its effectiveness. The Indenture has been duly qualified under the U.S. Trust Indenture Act, or is exempt from or not subject to the qualification requirements of the U.S. Trust Indenture Act.

(e) **Short Form Eligibility.** The Corporation is eligible to file a short form prospectus under NI 44-101 in each of the Qualifying Jurisdictions.

(f) **Incorporated Documents.** The documents incorporated or deemed to be incorporated by reference in the Prospectus, when they were filed with the Securities Commissions in each of the Qualifying Jurisdictions, conformed in all material respects to the requirements of the Canadian Securities Laws and, to the extent applicable, the U.S. Exchange Act; and any further documents to be incorporated by reference in the Prospectus prior to the completion of the distribution of the Debentures, when such documents are so filed, will conform in all material respects to the applicable requirements of the Canadian Securities Laws and, to the extent applicable, the U.S. Exchange Act, and will not contain a misrepresentation within the meaning of Canadian Securities Laws or an untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary to make the statements therein not misleading, or not misleading in the light of the circumstances under which they were made.

(g) **No voting agreement.** No agreement to which the Corporation is a party or of which the Corporation is aware is in force or effect which in any manner affects the voting or control of any of the securities of the Corporation.

(h) **Reports and Documents, etc.** There are no reports or information that in accordance with the requirements of the Canadian Securities Laws, the U.S. Securities Act or the U.S. Exchange Act must be made publicly available in connection with the Offering that have not been made publicly available as required. There are no contracts or documents required to be filed with the Securities Commissions in the Qualifying Jurisdictions or with the SEC in connection with the Prospectus, the U.S. Final Prospectus or the Registration Statement that have not been filed as required pursuant to the Canadian Securities Laws, the U.S. Securities Act or the U.S. Exchange Act.
(i) **Liabilities.** The Corporation has no liabilities, obligations, indebtedness or commitments, whether accrued, absolute, contingent or otherwise, which are not disclosed or referred to in the Financial Statements or referred to or disclosed herein, other than liabilities, obligations, or indebtedness or commitments (i) incurred in the normal course of business, or (ii) which would not reasonably be expected to have a Material Adverse Effect.

(j) **Distribution of Offering Material by the Corporation.** The Corporation has not distributed and will not distribute, prior to the completion of the Agents’ distribution of the Debentures, any offering material in connection with the Offering and sale of the Debentures other than the Prospectus and any marketing materials in accordance with Section 5.1.

(k) **Authorization.** This Agreement has been duly authorized, executed and delivered by the Corporation. As of the Closing Date, the Indenture will have been duly authorized, executed and delivered by, and will be a valid and binding agreement of, the Corporation, enforceable in accordance with its terms, except as rights to indemnification hereunder may be limited by applicable law and except as the enforcement hereof may be limited by bankruptcy, insolvency, reorganization, moratorium or other similar laws relating to or affecting the rights and remedies of creditors or by general equitable principles.

(l) **No Material Adverse Change.** Since the respective dates as of which information is given in the Prospectus and the U.S. Final Prospectus: (i) there has been no change, or any development that could reasonably be expected to result in a change, in the condition, financial or otherwise, or in the earnings/losses, business, operations or prospects, whether or not arising from transactions in the ordinary course of business, of the Corporation which would give rise to a Material Adverse Effect, (ii) the Corporation has not incurred any material liability or obligation, indirect, direct or contingent nor entered into any material transaction or agreement, and (iii) there has been no dividend or distribution of any kind declared, paid or made by the Corporation on any class of share capital or repurchase or redemption by the Corporation of any class of share capital. Except as would not, individually or in the aggregate, have a Material Adverse Effect, the Corporation has not sent or received any communication regarding termination of, or intent not to renew, any of the contracts, agreements or customer relationships referred to or described in the Prospectus or the U.S. Final Prospectus, or referred to or described in any Document Incorporated by Reference.

(m) **Independent Accountants.** Richter LLP (“Richter”), which has delivered its report with respect to the Financial Statements, is a firm of independent public, certified public or chartered accountants as required by the applicable Canadian Securities Laws and satisfies the accountant independence requirements of Rule 2-01 of Regulation S-X under the U.S. Securities Exchange Act and the applicable rules of the U.S. Public Company Accounting Oversight Board. There has not been any “reportable event” (as that term is defined in National Instrument 51-102 Continuous Disclosure Obligations of the Canadian Securities Administrators) with Richter or any other prior auditor of the Corporation.
(n) **Preparation of the Financial Statements.** The Financial Statements included or incorporated by reference in the Prospectus present fairly, in all material respects, the financial position of the Corporation as of and at the dates indicated and the results of its operations and cash flows for the periods specified. Such Financial Statements have been prepared in accordance with U.S. Generally Accepted Accounting Principles (“U.S. GAAP”) applied on a consistent basis throughout the periods involved, except as may be expressly stated in the related notes thereto. No other financial statements are required by the Canadian Securities Laws to be included or incorporated by reference in the Prospectus. The financial data set forth in the Prospectus fairly present, in all material respects, the information set forth therein on a basis consistent with that of the Financial Statements.

(o) **Incorporation and Good Standing of the Corporation.** The Corporation has been duly incorporated and is validly existing as a Corporation and in good standing under the laws of Delaware and has the corporate power and authority to own, lease and operate its properties and to conduct its business as described in the Prospectus and to enter into and perform its obligations under this Agreement and the Indenture. The Corporation is duly qualified as a corporation, foreign corporation, or extra-provincial corporation, as applicable, to transact business and is in good standing in each jurisdiction in which such qualification is required, whether by reason of the ownership or leasing of property or the conduct of business, except where the failure to be so qualified and in good standing would not, individually or in the aggregate, result in a Material Adverse Effect.

(p) **Minute Books.** The corporate records and minute books of the Corporation that have been made available to the Agents and Agents’ Counsel contain, in all material respects, complete and accurate minutes of all meetings of the directors and shareholders of the Corporation held since January 1, 2014, and originals or copies of all resolutions and by-laws duly passed or confirmed by the directors or shareholders of the Corporation other than at a meeting.

(q) **Capitalization and Other Share Capital Matters**

(i) The authorized, issued and outstanding share capital of the Corporation is as set forth in the Prospectus under the caption “Description of Capital”.

(ii) The Debentures conform in all material respects to the description thereof contained in the Prospectus and the U.S. Final Prospectus.

(iii) The Debentures to be sold by the Corporation have been duly authorized for issuance and sale and, when issued and delivered by the Corporation and authenticated by the Debenture Trustee in the manner required by the Indenture on the Closing Date, will be validly issued, fully paid and non-assessable, and will constitute valid and binding obligations of the Corporation enforceable in accordance with their terms, except as rights to indemnification hereunder may be limited by applicable law and except as the enforcement hereof may be limited by bankruptcy, insolvency, reorganization, moratorium or other similar laws relating to or affecting the rights and remedies of creditors or by general equitable principles, and the issuance and sale of the Debentures is not subject to any pre-emptive rights, rights of first refusal or other similar rights to subscribe for or purchase the Debentures created by law or the Corporation.
(iv) The Common Shares underlying the Debentures have been duly authorized and reserved for issuance pursuant to the terms of the Debentures, and when issued by the Corporation upon valid conversion of the Debentures and payment of the exercise price therefor, will be duly and validly issued, fully paid and non-assessable, and the issuance of the Common Shares is not subject to any pre-emptive rights, rights of first refusal or other similar rights to subscribe for or purchase the securities of the Corporation created by law or the Corporation.

(v) The Debentures and the underlying Common Shares, when issued and delivered against payment therefor as provided herein, will be free of any restriction upon the voting or transfer thereof pursuant to the Corporation’s articles or by-laws or any agreement or other instrument to which the Corporation is a party.

(r) **No Applicable Registration or Other Similar Rights.** There are no persons with registration or other similar rights to have any equity or debt securities registered or qualified for sale under the Prospectus or included in the Offering who have not waived such rights in writing (including electronically) prior to the execution of this Agreement.

(s) **Options and Warrants to Purchase Securities.** Except as described in the Prospectus, there are no authorized or outstanding options, warrants, pre-emptive rights, rights of first refusal or other rights to purchase, or equity or debt securities convertible into or exchangeable or exercisable for, any Common Shares of the Corporation, granted by the Corporation.

(t) **Stock Exchange Listings.** The Corporation’s outstanding Common Shares are listed and posted for trading on the TSXV under the symbol “IGX” and are traded on the OTCQX under the symbol “IGXT” and no order to cease trading or suspending trading in the Common Shares or prohibiting the trading of any Common Shares is in force and no proceedings for such purpose are pending or, to the knowledge of the Corporation, threatened.

(u) **Directors and Officers.** To the knowledge of the Corporation, none of the current directors or officers of the Corporation are now, or have ever been, subject to an order or ruling of any securities regulatory authority or stock exchange prohibiting such individual from acting as a director or officer of a public corporation or of a corporation listed on a particular stock exchange.
(v) **Transfer Agent.** The Transfer Agent has been duly appointed as registrar and transfer agent for the Common Shares of the Corporation.

(w) **Debenture Trustee.** The Debenture Trustee has been duly appointed as debenture trustee under the Indenture for the Debentures of the Corporation. The Debenture Trustee is qualified to act as trustee under the Indenture in accordance with the requirements of the U.S. Trust Indenture Act, or is exempt from or not subject to such trustee qualification requirements.

(x) **Non-Contravention of Existing Instruments; No Further Authorizations or Approvals Required.** The Corporation is not in violation of its articles or by-laws, and is not in default (nor would it be, with the giving of notice or lapse of time, in default) (“**Default**”) under any indenture, mortgage, loan or credit agreement, note, guarantee, contract, franchise, lease or other instrument to which the Corporation is a party or by which it is bound (including, without limitation, any credit agreement, guarantee, indenture, pledge agreement, security agreement or other instrument or agreement evidencing, guaranteeing, securing or relating to indebtedness of the Corporation, if any), or to which any of the property or assets of the Corporation is subject (each, an “**Existing Instrument**”), except for such Defaults as would not be reasonably expected to, individually or in the aggregate, result in a Material Adverse Effect. The Corporation’s execution, delivery and performance of this Agreement and the Indenture, the consummation of the transactions contemplated hereby and thereby and by the Prospectus and the issuance and sale of the Debentures (i) have been duly authorized by all necessary corporate action and will not result in any violation of the provisions of the constating documents or the by-laws of the Corporation, (ii) will not conflict with or constitute a breach of, or Default or a Debt Repayment Triggering Event (as defined below) under, or result in the creation or imposition of any lien, charge or encumbrance upon any property or assets of the Corporation pursuant to, or require the consent of any other party to, any Existing Instrument except for such conflicts, breaches, Defaults or a Debt Repayment Triggering Event as would not be reasonably expected to, individually or in the aggregate, result in a Material Adverse Effect and (iii) will not result in any material violation of any law, administrative regulation or administrative or court decree applicable to the Corporation. No consent, approval, authorization or other order of, or registration or filing with, any court or other governmental or regulatory authority or agency, is required for the Corporation’s execution, delivery and performance of this Agreement, the Indenture and the consummation of the transactions contemplated hereby and by the Prospectus, except such as have been obtained or made or, as contemplated by this Agreement, will be obtained or made, by the Corporation and are in full force and effect. As used herein, a “**Debt Repayment Triggering Event**” means any event or condition which gives, or with the giving of notice or lapse of time would give, the holder of any note, debenture or other evidence of indebtedness (or any person acting on such holder’s behalf) the right to require the repurchase, redemption or repayment of all or a portion of such indebtedness by the Corporation.
(y) **ERISA.** The U.S. Employee Retirement Income Security Act of 1974 ("ERISA") does not apply to the Corporation.

(z) **No Material Actions or Proceedings.** Except as described in the Prospectus and the U.S. Final Prospectus, there are no legal or governmental actions, suits, claims, investigations or proceedings pending or, to the Corporation’s knowledge, threatened or contemplated (i) against or affecting the Corporation, (ii) which have as the subject thereof any officer or director (in his or her capacity as such) of, or property owned or leased by, the Corporation or (iii) relating to environmental or discrimination matters, where in any such case (A) there is a reasonable expectation that such action, suit or proceeding will be determined adversely to the Corporation or such officer or director, (B) any such action, suit or proceeding, if so determined adversely, would reasonably be expected to result in a Material Adverse Effect or materially and adversely affect the consummation of the transactions contemplated by this Agreement and (C) any such action, suit or proceeding is or would be material in the context of the sale of the Debentures. Except as described in the Prospectus and the U.S. Final Prospectus, no material labour dispute with the employees or independent contractors of the Corporation exists or, to the Corporation’s knowledge, is threatened or imminent.

(aa) **Employment Standards, Human Rights Legislation.** Except as disclosed in the Prospectus and the U.S. Final Prospectus, there are no outstanding complaints against the Corporation before any government employment standards branch, tribunal or human rights tribunal, nor, to the knowledge of the Corporation, are there any threatened material complaints or any occurrence that may reasonably be expected to lead to a material complaint, in each case under any human rights legislation or employment standards legislation. Except as disclosed in the Prospectus and the U.S. Final Prospectus, there are no outstanding decisions or settlements or pending settlements under any employment standards legislation that place any obligation upon the Corporation to do or to refrain from doing any act. The Corporation is not delinquent in any material respect in payments to any of its employees, consultants or independent contractors for any wages, salaries, commissions, bonuses or other direct compensation for any service performed for it or amounts required to be reimbursed to such employees, consultants or independent contractors, and all such amounts have been properly accrued in the books and records of the Corporation in all material respects. The Corporation is in compliance in all material respects with all applicable laws related to employment, including those related to wages, hours and the payment and withholding of taxes and other sums as required by law and has not and is not engaged in any unfair labour practice.

(bb) **Proposed Acquisition.** There are no material agreements, contracts, arrangements or understandings (written or oral) with any persons relating to the acquisition or proposed acquisition by the Corporation of any material interest in any business (or part of a business) or corporation, nor are there any other specific contracts or agreements (written or oral) in respect of any such matters in contemplation.
(cc) **Intellectual Property Rights**

(i) Except as disclosed in the Prospectus and the U.S. Final Prospectus, the Corporation or Subsidiary, as applicable, is the sole and exclusive owner of all right, title and interest in and to, or has a valid and enforceable right to use pursuant to a written license, all trademarks, trade names, service marks, patents, patent applications, other patent rights, copyrights, domain names, software, inventions, processes, databases, know how (including trade secrets and other unpatented and/or unpatentable proprietary or confidential information, systems or procedures) and other similar intellectual property rights, whether registered or unregistered and in any jurisdiction (collectively, “**Intellectual Property Rights**”) reasonably necessary to conduct its businesses as now conducted or proposed to be conducted as described in the Prospectus, free and clear of all liens and encumbrances.

(ii) Except as disclosed in the Prospectus and the U.S. Final Prospectus, to the knowledge of the Corporation, the Corporation’s business as now conducted or proposed to be conducted as described in the Prospectus, does not infringe, conflict with or otherwise violate any Intellectual Property Rights of others, and neither the Corporation nor the Subsidiary has received, or has been threatened with, any notice of infringement or conflict with asserted Intellectual Property Rights of others, or any facts or circumstances which would render any Intellectual Property Rights invalid or inadequate to protect the interest of the Corporation therein.

(iii) To the knowledge of the Corporation, there is no infringement by third parties of any Intellectual Property Rights owned by the Corporation or the Subsidiary, as applicable.

(iv) Except as disclosed in the Prospectus and the U.S. Final Prospectus, there is no pending or, to the knowledge of the Corporation, threatened action, suit, proceeding or claim relating to Intellectual Property Rights owned by the Corporation or the Subsidiary, as applicable.

(v) Except as disclosed in the Prospectus and the U.S. Final Prospectus, neither the Corporation nor the Subsidiary is not a party to or bound by any options, licenses or agreements with respect to the Intellectual Property Rights of any other person or entity.

(vi) All licenses for Intellectual Property Rights owned or used by the Corporation or the Subsidiary, as applicable, are valid, binding upon and enforceable by or against the Corporation or the Subsidiary, as applicable, and, to the Corporation’s knowledge, against the parties thereto in accordance with their terms.
None of the technology employed by the Corporation or the Subsidiary, as applicable, has been obtained or is being used by the Corporation or the Subsidiary, as applicable, in violation of any contractual obligation binding on the Corporation or the Subsidiary, as applicable, or, to the Corporation’s knowledge, any of its officers, directors or employees or otherwise in violation of the rights of any third party.

Except as would not result in a Material Adverse Effect, all assignments from inventors to the Corporation have been obtained and filed with the appropriate patent offices for all of the Corporation’s patent applications.

Except as would not reasonably be expected to result in a Material Adverse Effect, the Corporation or the Subsidiary, as applicable, does not have knowledge of any claims of third parties to any ownership interest or unregistered lien with respect to the Corporation’s or the Subsidiary, as applicable, or its licensors’ patents and patent applications.

Except as disclosed in the Prospectus and the U.S. Final Prospectus, the Corporation does not know of any facts which would form a basis for a finding of unenforceability or invalidity of any of the patents, trademarks or service marks of the Corporation or the Subsidiary, as applicable.

The Corporation does not know of any material defects of form in the preparation or filing of the patent applications of the Corporation or the Subsidiary, as applicable.

To the knowledge of the Corporation, the Corporation or the Subsidiary, as applicable, has complied with the U.S. Patents and Trademark Office duties of candor and disclosure for each patent and patent application of the Corporation.

Except as disclosed in the Prospectus and the U.S. Final Prospectus, the Corporation does not know of any fact with respect to the patent applications of the Corporation or the Subsidiary, as applicable, presently on file that (A) would preclude the issuance of patents with respect to such applications, (B) would lead it to conclude that such patents, when issued, would not be valid and enforceable in accordance with applicable regulations or (C) would result in a third party having any rights in any patents issuing from such patent application.

The Corporation has taken all commercially reasonable steps to protect, maintain and safeguard each of its rights in all Intellectual Property Rights, including to its knowledge, the execution of appropriate nondisclosure and confidentiality agreements.
(dd) **Change in Legislation.** Except as described in the Prospectus, the Corporation is not aware of any legislation, or proposed legislation, which it reasonably expects will have a Material Adverse Effect.

(cc) **FDA, Health Canada and Other Regulatory Authorities.**

(i) Except as disclosed in the Prospectus and the U.S. Final Prospectus, the Corporation or the Subsidiary, as applicable, holds all licenses, certificates, approvals and permits from all provincial, federal, state, United States, foreign and other regulatory authorities, including but not limited to the United States Food and Drug Administration (the “**FDA**”), Health Canada (“**HC**”), the European Medicines Agency (the “**EMA**”) and any foreign regulatory authorities performing functions similar to those performed by the FDA, HC and the EMA, that are material to the conduct of the business of the Corporation as such business is now conducted as described in the Prospectus, all of which are valid and in full force and effect and there is no proceeding pending or, to the knowledge of the Corporation, threatened which may cause any such license, certificate, approval or permit to be withdrawn, cancelled, suspended or not renewed.

(ii) Nothing has come to the attention of the Corporation that has caused the Corporation to believe that the completed studies, tests, preclinical studies and clinical trials conducted by or on behalf of the Corporation that are described in the Prospectus were not conducted, in all material respects, in accordance with experimental protocols, procedures and controls pursuant to, where applicable, accepted professional and scientific standards for products or product candidates comparable to those being developed by the Corporation or the Subsidiary, as applicable; or that the drug substances used in the clinical trials have not been manufactured, in all material respects, under “current good manufacturing practices”, when required, in the United States, Canada and other jurisdictions in which such clinical trials have been and are being conducted.

(iii) No filing or submission to the FDA, HC, the EMA or any other regulatory body, that was or is intended to be the basis for any approval of the Corporation’s products or product candidates, to the knowledge of the Corporation, contains any material omission or material false information.

(iv) Neither the Corporation nor the Subsidiary, as applicable, is not in violation in any material respect, of any material law, order, rule, regulation, writ, injunction or decree of any court or governmental agency or body, applicable to the investigation of new drugs in humans and animals, including, but not limited to, those promulgated by the FDA, HC or the EMA.
(ff) **Clinical Trials.** The descriptions in the Prospectus of the results of the clinical trials referred to therein are consistent in all material respects with such results and no other studies or other clinical trials whose results are known to the Corporation are materially inconsistent with or otherwise materially call into question the results described or referred to in the Prospectus. To the Corporation’s knowledge, the studies, tests and preclinical and clinical trials conducted by or on behalf of the Corporation were and, if still pending, are, in all material respects, being conducted in accordance with experimental protocols, procedures and controls pursuant to accepted professional scientific standards and all applicable laws and authorizations.

(gg) **All Necessary Permits, etc.** The Corporation or the Subsidiary, as applicable, possesses such valid and current certificates, authorizations or permits issued by the appropriate federal, provincial, state, local or foreign regulatory agencies or bodies necessary to conduct its business, as now conducted, except where the failure to possess such certificates, authorizations or permits would not, individually or in the aggregate, result in a Material Adverse Effect, and the Corporation has not received, nor has any reason to believe that it will receive, any notice of proceedings relating to the revocation or modification of, or non-compliance with, any such certificate, authorization or permit which, singly or in the aggregate, if the subject of an unfavourable decision, ruling or finding, would reasonably be expected to result in a Material Adverse Effect.

(hh) **Title to Properties.** The Corporation has good and marketable title to all property and other assets reflected as owned by it in the Financial Statements, in each case (except as disclosed in the Prospectus and the U.S. Final Prospectus) free and clear of any security interests, mortgages, liens, encumbrances, equities, adverse claims and other defects except those that do not materially and adversely affect the value of such property and do not materially interfere with the use made or proposed to be made of such property by the Corporation. The real property, improvements, equipment and personal property held under lease by the Corporation are held under valid and enforceable leases, with such exceptions as are not material and do not materially interfere with the conduct of the business of the Corporation.

(ii) **Tax Law Compliance.** The Corporation has filed all United States federal, Canadian federal and all other foreign, provincial, state, local or other income and franchise tax returns required to be filed by it or has properly requested extensions thereof, other than those tax returns where the failure to file would not result in a Material Adverse Effect, and has paid all taxes and any similar assessment, including interest and penalties applicable thereto, that are due and payable by it, other than those being contested in good faith and by appropriate proceedings, those as to which adequate reserves have been provided or those where failure to pay would not, individually or in the aggregate, result in a Material Adverse Effect.
(jj) **Insurance.** The Corporation maintains insurance covering the properties, operations, personnel and business of the Corporation in such amounts and with such deductibles and covering such risks as are reasonably adequate and customary for its business. The Corporation has no knowledge that it will not be able (i) to renew its existing insurance coverage as and when such policies expire or (ii) to obtain comparable coverage from similar institutions as may be necessary or appropriate to conduct its business as now conducted and at a cost that would not reasonably be expected to result in a Material Adverse Effect. The Corporation has not been denied any insurance coverage which it has sought or for which it has applied in the past two years.

(kk) **Working Capital.** To the Corporation’s knowledge and taking into account the available working capital and the net proceeds receivable by the Corporation following the sale of the Debentures, the Corporation has sufficient working capital for its present requirements for a period of at least 12 months from the date of the Prospectus.

(ll) **Related Party Transactions.** There are no material business relationships or related-party transactions required to be described in the Prospectus which have not been described in the Prospectus.

(mm) **Sarbanes-Oxley Act.** The Corporation is in compliance in all material respects with all applicable provisions of the Sarbanes-Oxley Act and the rules and regulations of the commission thereunder. There is and has been no failure on the part of the Corporation or any of its directors or officers, in their capacities as such, to comply with any provision of the Sarbanes-Oxley Act and the rules and regulations promulgated in connection therewith, including, without limitation, Section 402 related to loans;

(nn) **Statistical and Market-Related Data.** The statistical, demographic and market-related data included in the Prospectus are based on or derived from sources that the Corporation believes to be reliable and accurate in all material respects or represent the Corporation’s good faith estimates that are made on the basis of data derived from such sources.

(oo) **Compliance with Environmental Laws.**

(i) Except as would not, individually or in the aggregate, result in a Material Adverse Effect, the Corporation is not in violation of any federal, provincial, state, local, municipal or foreign statute, law, rule, regulation, ordinance, code, policy or rule of common law or any judicial or administrative interpretation thereof, including any judicial or administrative order, consent, decree or judgment, relating to pollution or protection of human health, the environment (including, without limitation, ambient air, surface water, groundwater, land surface or subsurface strata) or wildlife, including, without limitation, laws and regulations relating to the release or threatened release of chemicals, pollutants, contaminants, wastes, toxic substances, hazardous substances, petroleum or petroleum products (collectively, “Hazardous Materials”) or to the manufacture, processing, distribution, use, treatment, storage, disposal, transport or handling of Hazardous Materials (collectively, “Environmental Laws”);
(ii) Except as would not, individually or in the aggregate, result in a Material Adverse Effect, the Corporation has all permits, authorizations and approvals required under any applicable Environmental Laws and is in compliance with their requirements;

(iii) there are no pending or, to the knowledge of the Corporation, threatened administrative, regulatory or judicial actions, suits, demands, demand letters, claims, liens, notices of noncompliance or violation, investigation or proceedings relating to any Environmental Law against the Corporation; and

(iv) to the knowledge of the Corporation, there are no events or circumstances that would reasonably be expected to form the basis of an order for clean-up or remediation, or an action, suit or proceeding by any private party or governmental body or agency, against or affecting the Corporation relating to Hazardous Materials or any Environmental Laws.

(pp) **Brokers.** Except pursuant to this Agreement, the Corporation has incurred no liability for any finder’s or broker’s fee or agent’s commission in connection with the execution and delivery of this Agreement or the consummation of the transactions contemplated hereby or by the Prospectus.

(qq) **No Outstanding Loans or Other Extensions of Credit.** The Corporation has not extended or maintained credit, arranged for the extension of credit, or renewed any extension of credit, in the form of a personal loan, to or for any shareholder, director or executive officer (or equivalent thereof) of the Corporation and which remains outstanding.

(rr) **Compliance with Laws.** The Corporation has not been advised, and has no reason to believe, that it is not conducting business in compliance with all applicable laws, rules and regulations of the jurisdictions in which it is conducting business, except where failure to be so in compliance would not result in a Material Adverse Effect.

(ss) **Foreign Corrupt Practices Acts.** Neither the Corporation nor, to the knowledge of the Corporation, any director, officer, agent, employee, affiliate or other person acting on behalf of the Corporation is aware of or has made any contribution or other payment or taken any action, directly or indirectly, that has resulted or would result in a violation of the Foreign Corrupt Practices Act of 1977 (United States), as amended, and the rules and regulations thereunder (the “FCPA”), and the Corruption of Foreign Public Officials Act (Canada) (the “CFPOA”) including, without limitation, making use of the mails or any means or instrumentality of interstate commerce corruptly in furtherance of an offer, payment, promise to pay or authorization of the payment of any money, or other property, gift, promise to give, or authorization of the giving of anything of value to any “foreign official” (as such term is defined in the FCPA) or any “foreign public official” (as such term is defined in the CFPOA) or any foreign political party or official thereof or any candidate for foreign political office, in contravention of the FCPA and the CFPOA.
Money Laundering Laws. The operations of the Corporation are, and have been conducted at all times, in compliance with all material applicable financial recordkeeping and reporting requirements of the Currency and Foreign Transactions Reporting Act of 1970 (United States), as amended, the Proceeds of Crime (Money Laundering) and Terrorist Financing Act (Canada), the money laundering statutes of all applicable jurisdictions, the rules and regulations thereunder and any related or similar applicable rules, regulations or guidelines, issued, administered or enforced by any governmental agency (collectively, the “Money Laundering Laws”) and no action, suit or proceeding by or before any court or governmental agency, authority or body or any arbitrator involving the Corporation with respect to the Money Laundering Laws is pending or, to the knowledge of the Corporation, threatened.

OFAC. Neither the Corporation nor, to the knowledge of the Corporation, any director, officer, agent, employee, affiliate or person acting on behalf of the Corporation is currently subject to any United States sanctions administered by the Office of Foreign Assets Control of the United States Treasury Department (“OFAC”); and the Corporation will not directly or indirectly use the proceeds of the Offering, or lend, contribute or otherwise make available such proceeds to any subsidiary, joint venture partner or other person or entity, for the purpose of financing the activities of any person currently subject to any United States sanctions administered by OFAC.

Controls and Procedures. The Corporation has established and maintains disclosure controls and procedures (as such term is defined in Rule 13a-15(e) under the U.S. Exchange Act) and is in compliance with such certification requirements set out therein with respect to the Corporation’s annual and interim filings. The Corporation has established and maintains a system of internal control over financial reporting (as such term is defined in Rule 13a-15(f) under the U.S. Exchange Act) that has been designed by the Corporation’s principal executive officer and principal financial officer, or under their supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with U.S. GAAP. No material weakness has been identified in the Corporation’s internal control over financial reporting (whether or not remediated) and, except as set forth in the Prospectus, since December 31, 2016, there has been no change in the Corporation’s internal control over financial reporting that has materially affected, or is reasonably likely to materially affect, the Corporation’s internal control over financial reporting.
(ww) **Audit Committee.** The Corporation’s board of directors has validly appointed an audit committee whose composition satisfies the requirements of National Instrument 52-110 - *Audit Committees*.

(xx) **Parties to Lock-Up Agreements.** The Corporation shall cause each of the Corporation’s directors and officers to execute and deliver to the Lead Agent a lock-up agreement (the “**Lock-Up Agreement**”) in favour of the Agents in a form satisfactory to the Lead Agent, acting reasonably, on or before the Closing Date, whereby such director and officer of the Corporation shall agree not to, without the prior written consent of the Lead Agent, such consent not to be unreasonably withheld, for a period of 90 days following the completion of the Offering (the “**Lock-Up Period**”), authorize, sell or issue or announce its intention to authorize, sell or issue, or negotiate or enter into an agreement to sell or issue any securities of the Corporation, excluding securities issued under the Corporation’s stock option plan. If any additional persons shall become directors or officers of the Corporation prior to the end of the Lock-Up Period, the Corporation shall cause each such person, prior to or contemporaneously with their appointment or election as a director or officer of the Corporation, to execute and deliver to the Lead Agent a Lock-Up Agreement.

8.2 Any certificate signed by any officer on behalf of the Corporation and delivered to the Agents or Agents’ Counsel in connection with the offering of the Debentures shall be deemed to be a representation and warranty by the Corporation as to matters covered thereby to the Agents.

**ARTICLE 9**

**CONDITIONS TO CLOSING**

9.1 The obligations of the Agents on the Closing Date shall be subject to the performance by the Corporation of its obligations hereunder and the following additional conditions, which conditions the Corporation covenants to exercise its commercially reasonable best efforts to have fulfilled on or prior to the Closing Date and which conditions may be waived in writing in whole or in part by the Agents:

(a) **Necessary Filings:** the Corporation will have made or obtained the necessary filings, approvals, consents and acceptances to or from, as the case may be, the Securities Commissions, the SEC and the TSXV (subject to satisfaction of certain customary post-closing conditions imposed by the TSXV (the “**Standard Listing Conditions**”)) required to be made or obtained by the Corporation in connection with the Offering, on terms which are acceptable to the Corporation and the Agents, acting reasonably, prior to the Closing Date, it being understood that the Agents will do all that is reasonably required to assist the Corporation to fulfil this condition;
(b) **Delivery of Prospectus:** if requested by the Agents, the Corporation shall have delivered to the Agents and the Selling Group Members, at such addresses as the Agents and the Selling Group Members may reasonably request, conformed commercial copies of the Preliminary Prospectus and the Final Prospectus;

(c) **TSXV Acceptance:** the Debentures, including the underlying Common Shares, will have been accepted for listing by the TSXV, subject only to the satisfaction by the Corporation of Standard Listing Conditions;

(d) **Board Authorization:** the Corporation’s board of directors will have authorized and approved this Agreement and the Indenture, the sale and issuance of the Debentures and the issuance of Common Shares upon the conversion of the Debentures, and all matters relating to the foregoing;

(e) **Legal Opinions:** the Agents shall have received at the Closing Time a customary legal opinion from the Corporation’s Canadian Counsel and the Corporation’s U.S. Counsel (or other local counsel to the Corporation, as applicable) covering the laws of the Qualifying Jurisdictions and U.S. federal securities laws, addressed to the Agents and the Selling Group Members, in which counsel may rely as to matters of fact, on certificates of the Corporation’s officers and other documentation standard for legal opinions in transactions of a similar nature, in form and substance acceptable to the Agents, acting reasonably, with respect to the following matters with such opinions being subject to usual and customary assumptions and qualifications, including the qualifications set out below:

   (i) the Corporation being a corporation incorporated and existing under the laws of Delaware and having all requisite corporate power and capacity to enter into this Agreement and to perform its obligations hereunder;

   (ii) the Corporation is a reporting issuer or the equivalent in each of the Qualifying Jurisdictions and not in default under the Securities Laws in the Qualifying Jurisdictions;

   (iii) the authorized share capital of the Corporation;

   (iv) the Corporation having all necessary corporate power and capacity: (i) to execute and deliver this Agreement and the Indenture and perform its obligations under this Agreement and the Indenture, and (ii) to create and issue the Debentures and to issue the Common Shares upon conversion of the Debentures in accordance with the terms of the Indenture;

   (v) all necessary corporate action having been taken by the Corporation to authorize the execution and delivery of this Agreement, the Indenture and the performance of its obligations hereunder and thereunder and as to the Agreement and the Indenture having been duly authorized, executed and delivered on behalf of the Corporation, and constituting a legal, valid and binding obligation of the Corporation, enforceable against the Corporation in accordance with its terms, subject to standard assumptions and qualifications;
(vi) all necessary corporate action having been taken by the Corporation to authorize the execution and delivery of each of the Preliminary Prospectus, the Final Prospectus and any Supplementary Material and the filing thereof with the Securities Commissions in the Qualifying Jurisdictions;

(vii) the Common Shares issuable upon the conversion of the Debentures have been validly reserved for issuance by the Corporation and, upon the payment of the exercise price therefor and the issue thereof, the Common Shares will be validly issued as fully paid and non-assessable Common Shares;

(viii) the rights, privileges, restrictions and conditions attached to the Debentures and the Common Shares are accurately summarized in all material respects in the Prospectus;

(ix) the execution and delivery of this Agreement and the Indenture, the performance by the Corporation of its obligations hereof and thereof and the issuance, sale and delivery of the Debentures and the issuance of the Common Shares on conversion of the Debentures does not and will not (as the case may be) conflict with or result in a breach or violation of any of the terms or provisions of, or constitute a default under, whether after notice or lapse of time or both (i) the provisions of the applicable laws of the jurisdiction of incorporation of the Corporation, and (ii) the constating documents and by-laws of the Corporation;

(x) all necessary documents having been filed, all requisite proceedings having been taken and all approvals, permits, authorizations and consents of the appropriate regulatory authority in each of the Qualifying Jurisdictions (and, if applicable, the other Selling Jurisdictions) having been obtained by the Corporation to qualify the distribution of the Debentures and the issuance of the Common Shares upon conversion of the Debentures in accordance with the terms thereof in each of the Qualifying Jurisdictions (and, if applicable, the other Selling Jurisdictions) through or to investment dealers or brokers registered under the applicable securities laws who have complied with the relevant provisions of such applicable securities laws and the terms of such registrations;

(xi) subject to the qualifications, assumptions, limitations and understandings set out therein, the statements set out in the Prospectus, the description set forth in the Prospectus under the headings “Eligibility for Investment”, “Certain Canadian Federal Income Tax Considerations” and “Certain U.S. Federal Income Tax Considerations” is a fair summary of such matters in all material respects;
(xii) the Debentures and the underlying Common Shares having been accepted for listing on the TSXV, subject to the Standard Listing Conditions;

(xiii) the Debenture Trustee having been duly appointed as the debenture trustee under the Indenture;

(xiv) the Registration Statement having become effective under the U.S. Securities Act, and no “stop order” having been issued by the SEC suspending its effectiveness; and

(f) Bring Down Auditors’ Comfort Letter: the Agent shall have received at the Closing Time a letter dated the Closing Date from the Corporation’s Auditors addressed to the Agents, the Corporation and the directors of the Corporation, in form and substance satisfactory to the Agent and Agents’ Counsel, acting reasonably, confirming the continued accuracy of the comfort letter to be delivered to the Agents pursuant to Section 2.5(b) with such changes as may be necessary to bring the information in such letter forward to within two Business Days of the Closing Date, which changes shall be acceptable to the Agent and Agents’ Counsel, acting reasonably;

(g) Corporate Certificate: the Agent shall have received at the Closing Time certificates dated the Closing Date, signed by an appropriate officer of the Corporation addressed to the Agents and the Selling Group Members, with respect to: (i) the articles and by-laws of the Corporation, (ii) the authorizing resolutions relating to the distribution of the Debentures in each of the Qualifying Jurisdictions, allotment, issue (or reservation for issue) and sale of the Debentures and the underlying Common Shares, and the authorization, execution and delivery of this Agreement, the Prospectus and the Indenture, and the other agreements and transactions contemplated by this Agreement, and (iii) the incumbency and specimen signatures of signing officers of the Corporation who have signed the Prospectus or other documents relating to the Offering;

(h) Closing Certificate: the Agents shall have received at the Closing Time a certificate or certificates dated the Closing Date, and signed on behalf of the Corporation by two senior officers of the Corporation addressed to the Agents and the Selling Group Members certifying for and on behalf of the Corporation, after having made due enquiry and after having carefully examined the Prospectus, that:

(i) the Corporation has duly complied with all covenants and satisfied in all material respects all the terms and conditions in this Agreement on its part to be performed or satisfied at or prior to the Closing Time;

(ii) no order, ruling or determination having the effect of suspending the sale or ceasing, suspending or restricting the trading of the Debentures or any other securities of the Corporation in the United States or any of the Qualifying Jurisdictions (or, if applicable, the other Selling Jurisdictions) has been issued or made by any stock exchange, securities commission or regulatory authority and is continuing in effect and no proceedings, investigations or enquiries for that purpose have been instituted, are pending or, to the knowledge of such officers, are contemplated or threatened under Securities Laws or by any other regulatory authority;
other than the Offering, there has been no material change or change in a material fact contained in the Prospectus, the U.S. Final Prospectus or any Supplementary Material which fact or change is or may be, of such a nature as to result in a misrepresentation in the Prospectus, the U.S. Final Prospectus or any Supplementary Material or which would result in the Prospectus not complying with applicable Canadian Securities Laws or the U.S. Final Prospectus or Registration Statement not complying with applicable requirements of the U.S. Securities Act; and

the representations and warranties of the Corporation contained in this Agreement are true and correct in all material respects (except for representations and warranties subject to a materiality qualification, which are true and correct in all respects) as of the Closing Time, with the same force and effect as if made at and as of the Closing Time (other than those which are in respect of a specific date, which shall be accurate in all material respects as of such date), after giving effect to the transactions contemplated by this Agreement;

and the statements in such certificate or certificates shall be true and accurate in all material respects.

(i) **Transfer Agent Certificate:** the Agents and the Selling Group Members shall have received at the Closing Time a certificate from the Transfer Agent dated the Closing Date and signed by an authorized officer of the Transfer Agent, confirming the issued share capital of the Corporation;

(j) **Lock-Up Agreements:** the Lead Agent receiving the executed Lock-Up Agreement from each director and officer of the Corporation in favour of the Agents in a form reasonably satisfactory to the Lead Agent as required pursuant to Section 8.1(xx); and

(k) **No Termination:** the Agents not having exercised its rights of termination set forth in Article 10.

**ARTICLE 10**
**TERMINATION RIGHTS**

10.1 The Corporation agrees that all representations, warranties, terms and conditions of this Agreement shall be construed as conditions and complied with so far as the same relate to acts to be performed or caused to be performed by it, that it will use its reasonable efforts to cause such representations, warranties, terms and conditions to be complied with, and that any breach or failure by the Corporation to comply with any of such conditions in any material respect shall entitle each of the Agents, at such Agent’s option, to terminate its obligations under this Agreement by notice to that effect given to the Corporation at the Closing Time unless otherwise expressly provided in this Agreement. The Agents may waive, in whole or in part, or extend the time for compliance with, any terms and conditions without prejudice to its rights in respect of any other such terms and conditions or any other or subsequent breach or non-compliance.
10.2 In addition to any other remedies which may be available to the Agents in respect of any default, act or failure to act, or non-compliance with the terms of this Agreement by the Corporation, each of the Agents shall be entitled, at such Agent’s option, to terminate and cancel, without any liability on the part of such Agent, except in respect of any liability which may have arisen or may arise after such termination under Article 11 (INDEMNITY AND CONTRIBUTION) and Article 12 (EXPENSES), its obligations under this Agreement by giving written notice to the Corporation at any time after the date hereof and prior to the Closing Time, if:

(a) **Litigation.** Any enquiry, action, suit, investigation or other proceeding, whether formal or informal, is commenced, announced or threatened or any order is made by any securities regulatory authority, stock exchange or any other federal, provincial or other governmental authority in Canada, the United States or elsewhere, including, without limitation, the TSXV, in relation to the Corporation or the Corporation’s directors and officers in their capacity as such with the Corporation which, in the opinion of the Agent, acting reasonably, operates to prevent or restrict materially the distribution or trading of the Debentures or the Common Shares in any of the Qualifying Jurisdictions or the trading of the Common Shares in the United States;

(b) **Market-Out.** Any change in the U.S., Canadian or international financial, political or economic conditions the effect of which is such as to make it, in the reasonable judgment of the Agent, impractical to market or to enforce contracts for the sale of the Debentures, including without limitation, (i) if trading or quotation in any of the Corporation’s securities shall have been suspended or limited by the SEC, or by any Securities Commission in the Qualifying Jurisdictions or by the TSXV, or (ii) trading in securities generally on the TSXV shall have been suspended or limited, or minimum or maximum prices shall have been generally established on any of such stock exchanges by the SEC or the Financial Industry Regulatory Authority FINRA, or (iii) the declaration of any banking moratorium by any Canadian federal authorities, or (iv) any major disruption of settlements of securities or payment or clearance services in Canada where the securities of the Corporation are listed;

(c) **Disaster Out.** There should develop, occur or come into effect or existence any attack on, outbreak or escalation of hostilities or act of terrorism involving Canada or the United States, any declaration of war by the United States Congress, any other national or international calamity or emergency, or any governmental action, change of applicable law or regulation (or in the judicial interpretation thereof), if, in the reasonable judgment of the Agent, the effect of any such attack, outbreak, escalation, act, declaration, calamity, emergency or governmental action, or change is material and adverse such as to make it impractical or inadvisable to proceed with the offering of the Debentures or to enforce contracts for the sale of the Debentures on the Closing Date, on the terms and in the manner contemplated by this Agreement and Final Prospectus or would reasonably be expected to have a significant adverse effect on the state of financial markets in Canada or the business, operations or affairs of the Corporation or the market price or value of the Debentures or the Common Shares;
(d) **Material Adverse Change.** There should occur or be announced by the Corporation, any material change or a change in any material fact, or there should be discovered any previously undisclosed material fact (other than a material fact related solely to the Agents or any of their affiliates) required to be disclosed in the Final Prospectus, which results, or in the reasonable judgment of the Agent, is expected to result, in purchasers of a material number of Debentures exercising their right under applicable legislation to withdraw from their purchase of the Debentures or, in the reasonable judgment of the Agent, has or may be expected to have a significant adverse effect on the market price or value of the Debentures or the Common Shares and makes it impractical or inadvisable to market the Debentures on the terms and in the manner contemplated by this Agreement and Final Prospectus.

10.3 The rights of termination contained in Article 10 are in addition to any other rights or remedies each of the Agents may have in respect of any default, act or failure to act or non-compliance by the Corporation in respect of any of the matters contemplated by this Agreement or otherwise. In the event of any such termination, there shall be no further liability on the part of such Agent to the Corporation or on the part of the Corporation to such Agent except in respect of any liability which may have arisen or may arise after such termination under Article 11 (INDEMNITY AND CONTRIBUTION) and Article 12 (EXPENSES). A notice of termination by an Agent under this Article shall not be binding on the other Agent or the other members of the Selling Group.

**ARTICLE 11**

**INDEMNITY AND CONTRIBUTION**

11.1 The Corporation (the “**Indemnitor**”) shall indemnify and save harmless each of the Agents, each of the Selling Group Members and any of their respective affiliates and directors, officers, employees, shareholders, partners and agents (collectively, the “**Indemnified Parties**”) from and against all losses, claims, actions, suits, investigations and proceedings, expenses, fees, damages, obligations, payments and liabilities of whatsoever nature or kind (excluding loss of profits), including the aggregate amount paid in reasonable settlement of any actions, suits, proceedings, investigations or claims and the reasonable legal fees, disbursements and taxes actually incurred that may be suffered by, imposed upon or asserted against an Indemnified Party as a result of, in respect of, connected with or arising out of any actions, suits, proceeding, investigation or claim that may be made or threatened by any person or in enforcing this indemnity (collectively the “**Claims**”) insofar as such Claims (i) result from third party Claims which arise out of or are based directly or indirectly on the performance of services provided to the Corporation by the Indemnified Parties hereunder or (ii) otherwise relate, directly or indirectly, by reason of any event, act or omission in any way connected, directly or indirectly, with:
(a) any untrue statement or misrepresentation or alleged untrue statement or alleged misrepresentation (except any statement relating solely to the Agents or the Selling Group Members and provided in writing by the Agents or the Selling Group Members) of a material fact contained in the Prospectus, the U.S. Final Prospectus, the Registration Statement, any Supplementary Material, or in any certificate of the Indemnitor delivered under this Agreement or pursuant to this Agreement or any omission or alleged omission to state therein a material fact (except facts relating solely to the Agents and provided in writing by the Agents) necessary in order to make the statements therein not misleading, or not misleading in the light of the circumstances under which they were made;

(b) any material breach by the Indemnitor of any term of or any representation, warranty, covenant or condition in this Agreement or of any agreement or instrument relating thereto;

(c) any material breach or violation or any alleged material breach or violation by the Indemnitor of Securities Laws or applicable TSXV requirements; or

(d) any order made or any inquiry, investigation or other proceeding (formal and informal) announced, instituted or threatened by any securities commission or other regulatory authority or stock exchange based upon the circumstances described in (a) above, preventing, prohibiting or restricting the completion of the transactions contemplated by this Agreement or the trading of the Debentures or the Common Shares or the distribution to the public of the Debentures in any of the Qualifying Jurisdictions, provided that, in the event and to the extent that a court of competent jurisdiction or a regulatory authority shall determine that such Claims resulted from the gross negligence, fraud or willful misconduct of the Indemnified Party, subject to the right of the Agents and the Selling Group Members to appeal such decision, this indemnity shall not apply.

The rights of indemnity contained in subparagraph (a) of this Section 11.1 shall not apply to the Agent to the extent the Indemnitor has complied with the provisions of Article 6 and the Agent has not provided to the person asserting any Claim contemplated by this Section 11.1 a copy of the Prospectus or any Supplementary Material, which corrects any misrepresentation, untrue statement or omission, or alleged misrepresentation, untrue statement or omission which is the basis of such Claim and which is required, under applicable Securities Laws, to be delivered to such person.

11.2 If any Claim is brought, instituted or threatened in respect of any Indemnified Party which may result in a claim for indemnification under this Agreement, or an Indemnified Party has received notice of the commencement of any investigation in respect of which indemnify may be sought against the Indemnitor, the Indemnified Party will give the Indemnitor prompt written notice of any such Claim of which the Indemnified Party has knowledge and the Indemnitor shall be entitled (but not required) to assume conduct of the defence thereof and retain counsel on behalf of the Indemnified Party who is reasonably satisfactory to the Indemnified Party, to represent the Indemnified Party in such Claim and the Indemnitor shall pay the fees and disbursements of such counsel and all other expenses of the Indemnified Party relating to such Claim as and when incurred. Failure by the Indemnified Party to so notify the Indemnitor shall not relieve the Indemnitor from liability except and only to the extent that the failure prejudices the Indemnitor. If the Indemnitor assumes conduct of the defence for an Indemnified Party, the Indemnified Party shall fully cooperate in the defence including, without limitation, the provision of documents, appropriate officers and employees to give witness statements, attend examinations for discovery, make affidavits, meet with counsel, testify and divulge all information reasonably required to defend or prosecute the Claims.
11.3 In any such Claim, the Indemnified Party shall have the right to employ separate counsel and to participate in the defence thereof provided that the fees and expenses of such counsel shall be at the expense of such Indemnified Party unless the named parties to any such Claim include both the Indemnitor and the Indemnified Party and the representation of both parties by the same counsel, in the written opinion of the Indemnified Party’s counsel, would be inappropriate due to actual or potential differing interests between them and in such circumstances the Indemnitor will pay the reasonable fees and disbursements of such additional legal counsel as and when incurred, provided, however, that the Indemnitor shall only be obligated to pay for one set of counsel for all Indemnified Parties (in addition to counsel retained by the Indemnitor).

11.4 No admission of liability and no settlement of any Claim by the Indemnitor shall be made without the consent of the Indemnified Parties affected, such consent not to be unreasonably withheld or delayed. No admission of liability shall be made by an Indemnified Party without the consent of the Indemnitor and the Indemnitor shall not be liable for any settlement of any Claim made without the Indemnitor’s consent, such consent not to be unreasonably withheld or delayed.

11.5 In order to provide for just and equitable contribution in circumstances in which this indemnity would otherwise be available in accordance with its terms but is, for any reason, held to be unavailable to or unenforceable by the Indemnified Parties or enforceable otherwise than in accordance with its terms, the Indemnitor and the Indemnified Parties will contribute to the Claims in such proportions as is appropriate to reflect the relative benefits to and fault of the Indemnitor, on the one hand, and each Indemnified Party on the other hand, in connection with the matter giving rise to such Claims, as well as any other relevant equitable considerations; provided that the Agents and the Selling Group Members shall not in any event be liable to contribute, in the aggregate, any amount in excess of the amount of the Agents’ Fee. No person who has been determined by a court of competent jurisdiction in a final and non-appealable judgment to have engaged in any fraud, fraudulent misrepresentation or gross negligence shall be entitled to claim contribution from any person who has not been so determined to have engaged in such fraud, fraudulent misrepresentation or gross negligence.
11.6 The relative benefits received by the Indemnitor on the one hand and the Indemnified Parties on the other shall be deemed to be in the proportion that the total proceeds received from the offer and sale of the Debentures received by the Indemnitor (net of the Agents’ Fee but before deducting expenses) is to the Agents’ Fee received by the Agents.

11.7 The relative fault of the Indemnitor on the one hand and the Indemnified Parties on the other shall be determined by reference to, among other things, whether the matters or things referred to in Section 11.1 which resulted in such Claims relate to information supplied by or steps or actions taken or done or not taken or done by or on behalf of the Indemnitor or to information supplied by or steps taken or actions taken or done or not taken or done by or on behalf of the Agents and the Selling Group Members and the relative intent, knowledge, access to information and opportunity to correct or prevent such statement, omission or misrepresentation, or other matter or thing referred to in Section 11.1.

11.8 The parties agree that it would not be just and equitable if contribution pursuant to this section were determined by any method of allocation which does not take into account the equitable considerations referred to in this section.

11.9 In the event and to the extent that a court of competent jurisdiction in a final judgement that has become non-appealable determines that an Indemnified Party was grossly negligent, fraudulent or guilty of willful misconduct in connection with a Claim in respect of which the Indemnitor has advanced funds to the Indemnified Party pursuant to this indemnity, such Indemnified Party shall reimburse such funds to the Indemnitor and thereafter this indemnity shall not apply to such Indemnified Party in respect of such Claim. The Indemnitor agrees to waive any right the Indemnitor might have of first requiring the Indemnified Party to proceed against or enforce any other right, power, remedy or security or claim payment from any other person before claiming under this indemnity.

11.10 The rights to contribution provided in Section 11.5 shall be in addition to and not in derogation of any other right to contribution which the Indemnified Parties may have by statute or otherwise at law or in equity. Subject to Section 11.5, the Indemnitor waives all rights of contribution that it may have against any Indemnified Party relating to any Claim in respect of which the Indemnitor has agreed to indemnify the Indemnified Parties hereunder.

11.11 The Lead Agent shall act as trustee for the Agents, the Selling Group Members and for the Agents’ and Selling Group Members’ respective affiliates, directors, officers, employees and agents of the covenants of the Indemnitor under this Article 11 with respect to such persons and accept the trust and shall hold and enforce the covenants on behalf of such persons.

11.12 Subject to Section 11.3, if any Claim is brought in connection with the transactions contemplated by this Agreement and the Agents or the Selling Group Members are required to testify in connection therewith or are required to respond to procedures designed to discover information relating thereto, the Agents and the Selling Group Members will have the right, subject to Section 11.3 hereof, to employ its own counsel in connection therewith, and the fees and disbursements of such counsel in connection therewith as well as the reasonable fees at a reasonable per diem rate for its directors, officers, employees and agents involved in preparation for and attendance at such proceedings or in so responding and any other reasonable costs and out-of-pocket expenses incurred by it in connection therewith will be paid by the Indemnitor as and when they are incurred.
ARTICLE 12
EXPENSES

Whether or not the Offering contemplated by this Agreement is completed, the Corporation shall pay all expenses of or incremental to the Offering, including, but not limited to: (a) the costs of the Corporation’s counsel, auditors and other advisors, (b) the costs of printing, filing fees, stock exchange fees and similar incidental expenses, (c) the reasonable fees of the Agents’ legal counsel up to a maximum of $125,000 plus reasonable disbursements and applicable taxes, and (d) the reasonable pre-approved “out of pocket” expenses of the Agents. The Agents’ expenses, including the fees and disbursements of its counsel, shall be payable on the Closing Date, subject to the prior receipt of appropriate supporting documentation by the Corporation.

All or part of the amount payable under this Agreement may be subject to the federal Goods and Services Tax, Harmonized Sales Tax and/or applicable provincial sales tax (collectively, “Tax”). Where Tax is applicable, an additional amount equal to the amount of Tax owing or paid will be charged to the Corporation.

ARTICLE 13
SURVIVAL OF REPRESENTATIONS AND WARRANTIES

The representations, warranties, covenants, obligations and agreements contained in this Agreement and in any document delivered pursuant to this Agreement and in connection with delivery of and payment for the Debentures contemplated herein shall survive the delivery of and payment for the Debentures and the termination of this Agreement and shall continue in full force and effect for the period hereinafter described for the benefit of the Agents (for and on behalf of the Agents and the Selling Group Members) or the Corporation, as the case may be, regardless of the Closing of the Offering, any subsequent disposition of the Debentures and any investigation by or on behalf of the Agents or the Selling Group Members with respect thereto. Such representations, warranties, covenants, obligations and agreements of the Corporation shall survive for a period ending on the latest date under applicable Securities Laws that a purchaser of Debentures may be entitled to commence an action with respect to the purchase of Debentures pursuant to the Offering, provided that the representations, warranties, covenants, obligations and agreements of the Corporation shall survive during the pendency of any actions commenced prior to the expiration of such period. Notwithstanding the foregoing, in the case of any fraud or fraudulent misrepresentation of the Corporation, the representations, warranties and covenants of such party contained in this Agreement or in agreements, certificates or other documents referred to in this Agreement or delivered pursuant to this Agreement shall survive the sale of the Debentures and the termination of this Agreement and shall remain in full force and effect indefinitely.
ARTICLE 14
AGENT'S SECURITIES ACTIVITIES AND FINANCIAL ADVISORY SERVICES

Each of the Agents and their respective affiliates are engaged in a broad range of securities activities and financial advisory services. Each of the Agents and their respective affiliates carry on a range of businesses on their own account and for their clients, including providing stock brokerage, investment advisory, investment management, proprietary financings and custodial services. It is possible that the various divisions, business groups and affiliates of the Agents which provide these services may hold long, short or derivative positions in securities or obligations of companies which are or may be involved in any transaction contemplated hereby and effect transactions in those securities or obligations for their own account or for the account of their clients. Accordingly, there may be situations where these divisions, business groups and affiliates and/or their clients either now have or may in the future have interests, or take actions, that may conflict with the interests of the Corporation, and the Corporation agrees that such divisions, business groups and affiliates, and their clients, may hold such positions, effect such transactions and take such other actions without regard to the Corporation’s interests. In addition, research analysts of each of the Agents and their respective affiliates may hold and make statements or investment recommendations and/or publish research reports with respect to the Corporation, the transactions contemplated by this Agreement or any other party involved in such transactions that differ from or are inconsistent with the views or advice communicated by the Agents. The Corporation acknowledges and agrees that the Selling Group Members may be similarly situated. The Corporation agrees that the Agents, the Selling Group Members and their affiliates may undertake any business activity (including, without limitation, performing the same or similar engagements for other clients in the Corporation’s industry) without further consultation with or notification to the Corporation. Furthermore, the Corporation agrees that the Agents, the Selling Group Members and their affiliates shall not have a duty to disclose to the Corporation or use on behalf of the Corporation any information whatsoever about, relating to or derived from those activities.

ARTICLE 15
GENERAL

15.1 Time shall be of the essence of this Agreement.

15.2 This Agreement shall be governed by and construed in accordance with the laws of the Province of Québec and the laws of Canada applicable therein.

15.3 All funds referred to in this Agreement shall be in Canadian dollars unless otherwise stated herein.

15.4 Unless herein otherwise expressly provided, any notice, request, direction, consent, waiver, extension, agreement or other communication that is required to or may be given or made hereunder shall be in and shall be sufficiently given if delivered personally, or via email to such party, as follows:
(a) in the case of the Corporation:

IntelGenx Technologies Corp.
6425 Abrams
Ville St. Laurent, Québec, H4S 1X9

Attention: André Godin
Email: andre@intelgenx.com

with a copy (for information purposes only and not to constitute notice) to:

McCarthy Tétrault LLP
1000, De La Gauchetière Street West
Montréal, Québec H3B 0A2

Attention: Philippe Leclerc and Fraser Bourne
Email: pleclerc@mccarthy.ca and fbourne@mccarthy.ca

and

Dorsey & Whitney LLP
TD Canada Trust Tower
Brookfiled Place, 161 Bay Street, Suite 4310
Toronto, Ontario M5J 2S1

Attention: Richard Raymer
Email: raymer.richard@dorsey.com

(b) in the case of the Agents and the Selling Group Members:

Desjardins Securities Inc.
1170 Peel Street, Suite 300
Montreal, Québec
H3B 0A9

Attention: Frédéric Beausoleil
Email: frederic.beausoleil@desjardins.com

with a copy (for information purposes only and not to constitute notice) to:

Osler, Hoskin & Harcourt LLP
1000 De La Gauchetière Street West, Suite 2100
Montréal, Québec
H3B 4W5

Attention: François Paradis
Email: fparadis@osler.com
Any such notice, direction or other instrument, if delivered personally, shall be deemed to have been given and received on the day on which it was delivered, provided that if such day is not a Business Day then the notice, direction or other instrument shall be deemed to have been given and received on the first Business Day next following such day and if transmitted by fax or email, shall be deemed to have been given and received on the day of its transmission, provided that if such day is not a Business Day or if it is transmitted or received after the end of normal business hours then the notice, direction or other instrument shall be deemed to have been given and received on the first Business Day next following the day of such transmission.

Any party hereto may change its address for service from time to time by notice given to each of the other parties hereto in accordance with the foregoing provisions.

15.5 If any provision of this Agreement shall be adjudged by a competent authority to be invalid or for any reason unenforceable in whole or in part, such invalidity or unenforceability shall not affect the validity, enforceability or operation of any other provision of this Agreement and such void or unenforceable provision shall be severable from this Agreement.

15.6 Except as required by law or as deemed necessary to the Corporation in connection with legal or regulatory proceedings, the written or verbal advice or opinions of the Agents and the Selling Group Members, including any background or supporting materials or analysis, will not be publicly disclosed or referred to or provided to any third party by the Corporation without the prior written consent of the Agents (for and on behalf of the Agents and the Selling Group Members), in each specific instance such consent not to be unreasonably withheld. The Agents (for and on behalf of the Agents and the Selling Group Members) expressly disclaim any liability or responsibility by reason of any unauthorized use, publication, distribution of or reference to any written or verbal advice or opinions or materials provided by the Agents or the Selling Group Members or any unauthorized reference to the Agents, the Selling Group Members or this Agreement.

15.7 The Corporation agrees that the Agents and the Selling Group Members may, subsequent to the announcement of the Offering, make public its involvement with the Corporation in the Offering, including the right of the Agents or the Selling Group Members, as applicable, at its own expense to, following completion of the Offering, place advertisements describing its services to the Corporation in financial, news or business publications.

15.8 The Corporation acknowledges that it has retained the Agents under this Agreement solely to provide the services set forth in this Agreement. In rendering such services, the Agents will act independent contractors, and the Agents owes their duties arising out of this Agreement solely to the Corporation and to no other person. The Corporation acknowledges that nothing in this Agreement is intended to create duties to the Corporation beyond those expressly provided for in this Agreement, and the Agents, the Selling Group Members and the Corporation specifically disclaim the creation of any partnership, joint venture, fiduciary, agency or non-contractual relationship between, or the imposition of any partnership, joint venture, fiduciary, agency or non-contractual duties on, either party. Except as set out in Article 11, nothing in this Agreement is intended to confer upon any other person any rights or remedies under this Agreement or by reason of this Agreement. For greater certainty, the Agents and the Selling Group Members will not provide any legal, tax, accounting or regulatory advice, either pursuant to this Agreement or otherwise. The Corporation will be solely responsible for engaging and instructing such legal, tax, accounting and regulatory professionals as it deems necessary for purposes of the subject matter of this Agreement.
15.9 This Agreement may be executed by any one or more of the parties to this Agreement by facsimile or electronic transmission and in any number of counterparts, each of which shall be deemed to be an original, and all such counterparts together shall constitute one and the same instrument.

15.10 This Agreement shall constitute the entire agreement between the parties with respect to the subject matter of this Agreement and shall not be changed, modified or rescinded, except in writing signed by the parties. The provisions of this Agreement supersede all contemporaneous oral agreements and all prior oral and written quotations, communications, agreements and understandings of the parties with respect to the subject matter of this Agreement.

15.11 The parties hereto have required that this agreement and all documents and notices related thereto and/or resulting therefrom be drawn up in English only. Les parties aux présentes ont exigé que la présente convention ainsi que tous les documents et avis qui s’y rattachent et/ou découleront soient rédigés en langue anglaise seulement.

[Signature page follows]
Would you kindly confirm the agreement of the Corporation to the foregoing by executing this Agreement and thereafter returning such executed copy to the Agents.

Yours truly,

DESIARDINS SECURITIES INC.

By: 
Name: 
Title: 

LAURENTIAN BANK SECURITIES INC.

By: 
Name: 
Title: 

ECHELON WEALTH PARTNERS INC.

By: 
Name: 
Title: 

Accepted and agreed to as of the date first written above.

INTELGENX TECHNOLOGIES INC.

By: 
Name: 
Title: 


TRUST INDENTURE

between

INTELGENX TECHNOLOGIES CORP.

and

TSX Trust Company

providing for the issue of
Convertible Unsecured Subordinated Debentures

Dated as of July •, 2017
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TRUST INDENTURE

THIS INDENTURE is made this *th day of July, 2017.

BETWEEN: INTELLGENX TECHNOLOGIES CORP., a corporation incorporated under the laws of Delaware (hereinafter referred to as the “Corporation”)

AND: TSX TRUST COMPANY, a trust company incorporated under the federal laws of Canada (hereinafter referred to as the “Debenture Trustee”)

WHEREAS the Corporation deems it necessary to create and issue the Debentures (as defined below) in the manner herein provided;

AND WHEREAS the Corporation is duly authorized to create and issue the Debentures to be issued as herein provided;

AND WHEREAS when certified by the Debenture Trustee and issued as in this Indenture (as defined below) provided, all necessary steps in relation to the Corporation will have been duly enacted and other proceedings taken and conditions complied with to make the creation and issue of the Debentures proposed to be issued hereunder legal, valid and binding on the Corporation in accordance with the laws relating to the Corporation;

AND WHEREAS the foregoing recitals are made as representations and statements of fact by the Corporation and not by the Debenture Trustee;

NOW THEREFORE THIS AGREEMENT WITNESSES that for good and valuable consideration mutually given and received, the receipt and sufficiency of which is hereby acknowledged, it is hereby covenanted, agreed and declared as follows:

ARTICLE I
INTERPRETATION

1.1 Definitions

In the recitals, in this Indenture and in the Debentures, unless there is something in the subject matter or context inconsistent therewith or unless otherwise expressly provided, including, without limitation, as expressly provided in any indenture supplemental hereto, the following terms will have the following meanings set out below:

1.1.1 “1933 Act” means the United States Securities Act of 1933, as amended;

1.1.2 “90% Redemption Right” has the meaning attributed thereto in Section 2.2(k)(vii);

1.1.3 “90% Redemption Right Notice” has the meaning attributed thereto in Section 2.2(k)(vii);
1.1.4 “this Trust Indenture”, “this Indenture”, “hereto”, “herein”, “hereby”, “hereunder”, “hereof” and similar expressions refer to this Indenture and not to any particular Article, Section, subsection, clause, subdivision or other portion hereof and include any and every instrument supplemental or ancillary hereto;

1.1.5 “Acceptance Notice” has the meaning attributed thereto in Section 2.2(k)(iii);

1.1.6 “affiliate” of a Person means any Person or company that would be deemed to be an affiliated entity of such Person within the meaning of Regulation 45-106 — Prospectus Exemptions, as same may be replaced or amended from time to time;

1.1.7 “Applicable Securities Legislation” means applicable securities laws (including rules, regulations, policies, blanket orders, rulings and instruments enacted thereunder) in the provinces of British Columbia, Alberta, Manitoba, Ontario or Québec; and under the 1933 Act and applicable United States securities laws;

1.1.8 “Auditor of the Corporation” means an independent firm of chartered accountants duly appointed as auditor of the Corporation;

1.1.9 “Beneficial Holder” means any Person who holds a beneficial interest in a Global Debenture as shown on the books of the Depositary or a Depositary Participant;

1.1.10 “Business Day” means any day other than a Saturday, a Sunday, a statutory holiday in the Province of Québec, the Province of Ontario or the State of New York, or any other day on which banks are not open for business in Montréal, Québec, Toronto, Ontario or New York, New York;

1.1.11 “Change of Control” means the acquisition by any Person, or group of Persons acting jointly or in concert (within the meaning given to these terms in Regulation 62-104 – *Take-over bids and issuer bids* ), of voting control or direction over an aggregate of 66⅔% or more of the then outstanding Common Shares and securities convertible into or carrying the right to acquire Common Shares;

1.1.12 “Change of Control Purchase Date” has the meaning attributed thereto in Section 2.2(k)(v);

1.1.13 “Code” means the United States Internal Revenue Code of 1986, as amended;

1.1.14 “Common Share Interest Payment Election” has the meaning attributed thereto in Section 10.1(a);

1.1.15 “Common Share Interest Payment Election Notice” has the meaning attributed thereto in Section 10.1(a);
1.1.16 “Common Share Redemption Right” has the meaning attributed thereto in Section 4.6(a);

1.1.17 “Common Share Repayment Right” has the meaning attributed thereto in Section 4.9(a);

1.1.18 “Common Shares” means the common shares in the capital of the Corporation;

1.1.19 “Conversion Price” means $1.35 per Common Share as same may be adjusted, from time to time, in accordance with the provisions of Article 5;

1.1.20 “Corporation” means IntelGenx Technologies Corp. until a successor replaces it pursuant to the applicable provisions of this Indenture, and thereafter “Corporation” shall mean such successor Corporation;

1.1.21 “Counsel” means, as the case may be, a firm of barristers or solicitors retained by the Debenture Trustee or retained by the Corporation and acceptable to the Debenture Trustee, acting reasonably;

1.1.22 “Current Market Price” means, as of any date, the volume weighted average trading price per Common Share on the TSXV for the 20 consecutive trading days ending on the fifth trading day before such date (if the Common Shares are not listed thereon, then on such stock exchange on which the Common Shares are listed as may be selected for such purpose by the Directors; or if the Common Shares are not listed on any stock exchange, then on the over-the-counter market); the volume weighted average trading price will be determined by dividing the aggregate sale price of all Common Shares sold on the said exchange or market, as the case may be, during the said 20 consecutive trading days, by the total number of Common Shares so sold;

1.1.23 “Date of Conversion” has the meaning attributed thereto in Section 6.3(b);

1.1.24 “Debenture Offer” has the meaning attributed thereto in Section 2.2(k)(i);

1.1.25 “Debenture Trustee” means TSX Trust Company or its successor or successors for the time being as trustee hereunder;

1.1.26 “Debentureholders” or “holders” means the Persons for the time being entered in the register for Debentures as registered holders of Debentures;

1.1.27 “Debentures” means the Debentures issued hereunder and the Debentures designated as “8.00% Convertible Unsecured Subordinated Debentures”, having the terms described in Article 2;

1.1.28 “Defeased Debentures” has the meaning attributed thereto in Section 9.6(b);

1.1.29 “Depositary” means, with respect to the Debentures issuable or issued in the form of one or more Global Debentures, the Person designated as depositary by the Corporation pursuant to the terms hereof;
1.1.30 “Depositary Participant” means a broker, dealer, bank, other financial institution or other Person for whom from time to time a Depositary effects book-entry settlement for a Global Debenture deposited with the Depositary;

1.1.31 “Directors” means the directors of the Corporation and reference to action “by the Directors” means action by the Directors of the Corporation;

1.1.32 “Event of Default” has the meaning attributed thereto in Section 8.1;

1.1.33 “Expiry Date” has the meaning attributed thereto in Section 2.2(k)(ii);

1.1.34 “Expiry Time” has the meaning attributed thereto in Section 2.2(k)(ii);

1.1.35 “Extraordinary Resolution” has the meaning attributed thereto in Section 13.12;

1.1.36 “First Call Date” has the meaning attributed thereto in Section 2.2(c);

1.1.37 “Freely Tradeable” means Common Shares which (i) are issuable without the necessity of filing a registration statement, a prospectus or any other similar offering document (other than such prospectus or similar offering document that has already been filed) under Applicable Securities Legislation and such issue does not constitute a sale requiring registration under the 1933 Act or a distribution (other than a distribution already qualified by prospectus or similar offering document) or constitutes an exempt sale or distribution under Applicable Securities Legislation; and (ii) can be traded by the holder thereof without any restriction under Applicable Securities Legislation and stock exchange rules, such as restricted periods or hold periods, except in the case of an affiliate sale (within the meaning of the 1933 Act) or a “control distribution” as defined under Applicable Securities Legislation;

1.1.38 “Fully Registered Debentures” means Debentures registered as to both principal and interest;

1.1.39 “Global Debenture” means a Debenture that is issued to and registered in the name of the Depositary, or its nominee, pursuant to Section 2.2(i) for purposes of being held by or on behalf of the Depositary as custodian for participants in the Depositary’s book-entry only registration system;

1.1.40 “Governmental Entity” means: (a) any multinational, federal, provincial, state, regional, municipal, local or other government, governmental or public department, central bank, court, tribunal, arbitral body, commission, commissioner, board, bureau or agency, domestic or foreign; (b) any subdivision, agent, commission, commissioner, board, or authority of any of the foregoing; (c) any self-regulatory authority, including the TSXV; or (d) any quasigovernmental or private body exercising any regulatory, expropriation or taxing authority under or for the account of any of the foregoing;

1.1.41 “IFRS” means International Financial Reporting Standards determined with reference to CPA Canada Handbooks, as amended from time to time;
1.1.42 “Interest Obligation” means the obligation of the Corporation to pay interest on the Debentures, as and when the same becomes due;

1.1.43 “Interest Payment Date” means respectively, June 30 and December 31;

1.1.44 “Internal Procedures” has the meaning ascribed thereto in Section 2.4;

1.1.45 “Maturity Account” has the meaning attributed thereto in Section 2.9;

1.1.46 “Maturity Date” means June 30, 2020;

1.1.47 “Maturity Notice” has the meaning attributed thereto in Section 4.9(b);

1.1.48 “Offer Price” has the meaning attributed thereto in Section 2.2(k)(i);

1.1.49 “Officer’s Certificate” means a certificate of the Corporation signed by any one of the Directors or any one authorized officer of the Corporation, on behalf of the Corporation, in such capacity, and not in his or her personal capacity;

1.1.50 “Person” includes any individual, firm, partnership, joint venture, association, trust, trustee, executor, administrator, legal personal representative, estate, group, corporation, unincorporated association or organization, Governmental Entity, syndicate or other entity, whether or not having legal status and whether acting in an individual, fiduciary or other capacity;

1.1.51 “Redemption Date” has the meaning attributed thereto in Section 4.3;

1.1.52 “Redemption Notice” has the meaning attributed thereto in Section 4.3;

1.1.53 “Redemption Price” means, in respect of the Debentures, the amount, excluding interest, payable on the Redemption Date fixed for said Debentures, which amount may be payable by the issuance of Freely Tradeable Common Shares as provided for in Section 4.6;

1.1.54 “Second Call Date” has the meaning attributed thereto in Section 2.2(c);

1.1.55 “Senior Indebtedness” means the principal, premium (if any), interest (if any) or any other amounts payable thereunder (if any) on:

(i) all indebtedness, liabilities and obligations of the Corporation (other than the Debentures), whether outstanding on the date of this Indenture or thereafter created, incurred, assumed or guaranteed in the normal course or in connection with the acquisition by the Corporation of any businesses, properties or other assets or for monies borrowed or raised by whatever means (including, without limitation, by means of commercial paper, bankers’ acceptances, letters of credit, debt instruments, revolving credit facilities, bank debt and financial leases, and any liability evidenced by bonds, debentures, notes or similar instruments) by the Corporation or others including, without limitation, any Subsidiary of the Corporation for payment of which the Corporation is responsible or liable, whether absolutely or contingently; and

(ii) renewals, extensions, restructurings, refinancings and refundings of any such indebtedness, liabilities or obligations.
unless in each case it is provided by the terms of the instrument creating or evidencing such indebtedness, liabilities or obligations that such indebtedness, liabilities or obligations are pari passu with or subordinate in right of payment to Debentures that by their terms are subordinated;

1.1.56 “Shareholders” means holders of Common Shares and “Shareholder” means any one of them;

1.1.57 “Subsidiary” means, with respect to any Person, (a) any corporation, association or other business entity (other than a partnership, joint venture or limited liability company) of which 50% or more of the total voting securities entitled (without regard to the occurrence of any contingency) to vote in the election of directors, managers or trustees thereof is at the time of determination owned or controlled, directly or indirectly, by such Person or one or more of the other Subsidiaries of that Person or a combination thereof and (b) any partnership, joint venture or limited liability company of which 50% or more of the capital accounts, distribution rights, total equity and voting interests or general and limited partnership interests, as applicable, are owned or controlled, directly or indirectly, by such Person or one or more of the other Subsidiaries of that Person or a combination thereof, whether in the form of membership, general, special or limited partnership interests or otherwise and such Person owns or controls, directly or indirectly, 50% or more of the total equity and voting rights of the general partner of such entity;

1.1.58 “Successor” has the meaning attributed thereto in Section 11.1;

1.1.59 “Tax Act” means the Income Tax Act (Canada), and the regulations thereunder, as amended;

1.1.60 “trading day” means, with respect to the TSXV or other market for securities on which the Debentures are listed in Montréal, Québec or Toronto, Ontario, any day on which such exchange or market is open for trading or quotation;

1.1.61 “TSXV” means the TSX Venture Exchange Inc. or its successor or successors;

1.1.62 “United States” means the United States of America, its territories and possessions, any state of the United States and the District of Columbia;

1.1.63 “Withholding Taxes” has the meaning attributed thereto in Section 2.11(a); and

1.1.64 “Written Direction of the Corporation” means an instrument in writing signed by any one authorized Director or officer of the Corporation.
1.2 Meaning of “Outstanding”

Debentures certified and delivered by the Debenture Trustee hereunder are deemed to be outstanding until it is cancelled, converted, redeemed or delivered to the Debenture Trustee for cancellation, conversion or redemption and monies, Common Shares and/or other property, as the case may be, for the payment thereof will have been set aside under Article 9, provided that:

(a) Debentures which have been partially redeemed, purchased or converted are deemed to be outstanding only to the extent of the unredeemed, unpurchased or unconverted part of the principal amount thereof;

(b) when a new Debenture has been issued in substitution for a Debenture which has been lost, stolen or destroyed, only one of such Debentures will be counted for the purpose of determining the aggregate principal amount of Debentures outstanding;

(c) for the purposes of any provision of this Indenture entitling holders of outstanding Debentures to vote, sign consents, requisitions or other instruments or take any other action under this Indenture, or to constitute a quorum of any meeting of Debentureholders, Debentures owned directly or indirectly, legally or equitably, by the Corporation shall be disregarded (and the Corporation shall provide a list of Debentures so owned upon the request of the Debenture Trustee) except that:

(i) for the purpose of determining whether the Debenture Trustee shall be protected in relying on any such vote, consent, acquisition or other instrument or action, or on the holders of Debentures present or represented at any meeting of Debentureholders, only the Debentures which the Debenture Trustee knows are so owned shall be so disregarded; and

(ii) Debentures so owned which have been pledged in good faith other than to the Corporation shall not be so disregarded if the pledgee shall establish to the satisfaction of the Debenture Trustee the pledgee’s right to vote such Debentures, sign consents, requisitions or other instruments or take such other actions in his or her discretion free from the control of the Corporation or a Subsidiary of the Corporation.

1.3 Interpretation

In this Indenture:

(a) words importing the singular number or masculine gender include the plural number or the feminine or neuter genders and vice versa;

(b) all references to Articles and Schedules refer, unless otherwise specified, to articles of and schedules to this Indenture;

(c) all references to Sections or Sections refer, unless otherwise specified, to sections, subsections or clauses of this Indenture; and
words and terms denoting inclusiveness (such as “include” or “includes” or “including”), whether or not so stated, are not limited by and do not imply limitation of their context or the words or phrases which precede or succeed them.

1.4 **Headings, etc.**

The division of this Indenture into Articles and Sections, the provision of a table of contents and the insertion of headings are for convenience of reference only and will not affect the construction or interpretation of this Indenture.

1.5 **Day Not a Business Day**

In the event that any day on or before which any action required to be taken hereunder is not a Business Day, then such action will be taken on or before the requisite time on the next succeeding day that is a Business Day.

1.6 **Applicable Law**

This Indenture and the Debentures will be governed by and construed in accordance with the laws of the Province of Québec and the federal laws of Canada applicable therein. For the purpose of all legal proceedings, this Indenture will be deemed to have been performed in the Province of Québec and the courts of the Province of Québec will have jurisdiction to entertain any action arising under this Agreement. The Corporation attorns to the jurisdiction of the courts of Province of Québec.

1.7 **Conflict**

In the event of a conflict or inconsistency between a provision in the body of this Indenture and in the Debentures issued hereunder, the provision in the body of this Indenture will prevail to the extent of the inconsistency.

1.8 **Currency**

All dollar amounts expressed in this Indenture and in the Debentures are in lawful money of Canada and all payments required to be made hereunder and thereunder will be made in Canadian dollars.

1.9 **Severability**

Each of the provisions in this Indenture is distinct and severable and a declaration of invalidity or unenforceability of any such provision or part thereof by a court of competent jurisdiction will not affect the validity or enforceability of any of the other provisions hereof.

1.10 **Successors and Assigns**

All covenants and agreements in this Indenture by the Corporation bind its successors and permitted assigns, whether expressed or not.

1.11 **Benefits of Indenture**

Nothing in this Indenture or in the Debentures, express or implied, gives to any Person, other than the parties hereto and their successors hereunder, any paying agent, the holders of Debentures, the Directors and the holders of Common Shares, any benefit or any legal or equitable right, remedy or claim under this Indenture.
1.12 Schedules

The following Schedules form part of this Indenture:

Schedule A — FORM OF DEBENTURE
Schedule B — FORM OF REDEMPTION NOTICE
Schedule C — FORM OF MATURITY NOTICE
Schedule D — FORM OF COMMON SHARE INTEREST PAYMENT ELECTION NOTICE
Schedule E — FORM OF NOTICE OF CONVERSION

ARTICLE 2
THE DEBENTURES

2.1 Limit of Debentures

The Debentures authorized to be issued hereunder shall be limited to no more than $10,000,000 aggregate principal amount and shall be designated as “8.00% Convertible Unsecured Subordinated Debts due [June 30, 2020]”.

The Debenture Trustee has been appointed as transfer agent and registrar of the Debentures.

2.2 Terms of Debentures

(a) Maturity Date. The Debentures will mature on June 30, 2020.

(b) Interest. The Debentures will bear interest from, and including, the date of issue at the rate of 8.00% per annum, payable in equal semi-annual payments in arrears on June 30 and December 31 of each year, the first such payment falling due on December 31, 2017 and the last such payment falling due on June 30, 2020, payable after as well as before maturity and after as well as before default, with interest on amounts in default at the same rate, compounded semi-annually. The first interest payment will include interest accrued from and including •, 2017 to but excluding December 31, 2017 and will be in an amount equal to $• per $1,000 principal amount of the Debentures.

(c) Redemption. The Debentures are redeemable in accordance with the terms of Article 4, provided that the Debentures may not be redeemed by the Corporation prior to June 30, 2018 (the “First Call Date”), except in the event of the satisfaction of certain conditions after a Change of Control has occurred as provided herein. On or after the First Call Date, but prior to June 30, 2019 (the “Second Call Date”), the Debentures may be redeemed at the Corporation’s sole option, in whole or in part, from time to time on notice as provided for in Section 4.3 at a Redemption Price equal to the principal amount of the Debentures; provided that the Current Market Price on the date on which such notice of redemption is given is not less than 125% of the Conversion Price and the Corporation will have provided to the Debenture Trustee an Officer’s Certificate confirming such Current Market Price. In addition thereto, at the time of redemption, the Corporation will pay to the holder accrued and unpaid interest up to but not including the Redemption Date. On or after the Second Call Date and prior to the Maturity Date, the Debentures may be redeemed at the Corporation’s sole option, in whole or in part, from time to time on notice as provided for in Section 4.3, at a Redemption Price equal to the principal amount of the Debentures, irrespective of the Current Market Price. In addition thereto, at the time of redemption, the Corporation will pay to the holder accrued and unpaid interest up to but not including the Redemption Date. The Redemption Notice for the Debentures will be substantially in the form of Schedule B.
(d) **Priority**. The Debentures will be subordinated to the Senior Indebtedness of the Corporation in accordance with the provisions of Article 5.

(e) **Conversion**. Upon and subject to the provisions and conditions of Article 6, the holder of each Debenture will have the right at such holder’s option, prior to the close of business on the earlier of the Maturity Date and, if called for redemption, the Redemption Date of the Debentures by notice to the holders of Debentures in accordance with Sections 2.2(c) and 4.3 (the earlier of which will be the “Maturity Date” for the purposes of Article 6 in respect of the Debentures), to convert any part, which is $1,000 or an integral multiple thereof, of the principal amount of such Debenture into Common Shares at the Conversion Price in effect on the Date of Conversion. Notwithstanding the foregoing, no Debenture may be converted during the last five Business Days preceding an Interest Payment Date.

(f) **Conversion Price**. The Conversion Price in effect on the date hereof for each Common Share to be issued upon the conversion of Debentures will be equal to $1.35 such that approximately 740 Common Shares will be issued for each $1,000 principal amount of Debentures so converted, subject to the terms of Section 6.4. The Conversion Price is subject to adjustment pursuant to the provisions of Section 6.4. Debentureholders converting their Debentures will receive accrued and unpaid interest from, and including, the last Interest Payment Date prior to the Date of Conversion (or the date of issue if converting prior to the first Interest Payment Date) to, but excluding, the Date of Conversion. Notwithstanding the foregoing, no Debenture may be converted on an Interest Payment Date or the Maturity Date, or during the 5 Business Days preceding either event.

(g) **Payment in Common Shares**. On redemption or on maturity of the Debentures, the Corporation may, at its sole option and subject to the provisions of Sections 4.6 and 4.9, as applicable, and subject to any applicable regulatory approvals, elect to satisfy its obligation to pay all or a portion of the aggregate principal amount of the Debentures by issuing and delivering Freely Tradeable Common Shares to such holders of Debentures. If the Corporation elects to exercise such option, it will provide details in the Redemption Notice or deliver a maturity notice (the “Maturity Notice”) to the holders of the Debentures substantially in the form of Schedule C. Interest accrued and unpaid on the Debentures to but not including the Redemption Date or the Maturity Date will be paid in cash, subject to Section 2.2(j).
(h) **Form of Debentures**. The Debentures will be issued in denominations of $1,000 and integral multiples of $1,000, may be issued in certificated or uncertificated form and will be dated as of the date of this Indenture. Each Debenture certificate will be issued in substantially the form set out in Schedule A with such insertions, omissions, substitutions or other variations as required or permitted by this Indenture, and may have imprinted or otherwise reproduced thereon such legend or legends or endorsements, not inconsistent with the provisions of the Indenture, as may be required to comply with any law or with any rules or regulations pursuant thereto or with any rules or regulations of any securities exchange or securities regulatory authority or to conform with general usage, all as may be determined by the Director or officer of the Corporation executing such Debenture in accordance with Section 2.3, as conclusively evidenced by his or her execution of an Debenture. Each Debenture will also bear such distinguishing letters and numbers as the Debenture Trustee approves. Notwithstanding the foregoing, an Debenture may be in such other form or forms as may, from time to time, be specified in an Officer’s Certificate. The Debentures may be engraved, lithographed, printed, mimeographed or typewritten or partly in one form and partly in another.

(i) **Global Debentures**. The Debentures will be issued as Global Debentures. The Depositary for the Debentures will be CDS Clearing and Depositary Services Inc. The Global Debentures will be registered in the name of CDS & Co. (or any nominee of the Depositary). No Beneficial Holder will receive definitive certificates representing their interest in Debentures except as provided in Section 3.2. A Global Debenture may be exchanged for Debentures in registered form that are not Global Debentures, or transferred to and registered in the name of a person other than the Depositary for such Global Debentures or a nominee thereof as provided in Section 3.2. The Global Debentures shall bear the following legends:

“This Debenture is a Global Debenture within the meaning of the Indenture herein referred to and is registered in the name of a Depository or a nominee thereof. This Debenture may not be transferred to or exchanged for Debentures registered in the name of any Person other than the Depository or a nominee thereof and no such transfer may be registered except in the limited circumstances described in the Indenture. Every Debenture authenticated and delivered upon registration of, transfer of, or in exchange for, or in lieu of, this Debenture shall be a Global Debenture subject to the foregoing, except in such limited circumstances described in the Indenture.

UNLESS THIS CERTIFICATE IS PRESENTED BY AN AUTHORIZED REPRESENTATIVE OF CDS CLEARING AND DEPOSITORY SERVICES INC. (“CDS”) TO INTELGENX TECHNOLOGIES CORP. OR ITS AGENT FOR REGISTRATION OF TRANSFER, EXCHANGE OR PAYMENT, AND ANY CERTIFICATE ISSUED IN RESPECT THEREOF IS REGISTERED IN THE NAME OF CDS & CO., OR IN SUCH OTHER NAME AS IS REQUESTED BY AN AUTHORIZED REPRESENTATIVE OF CDS (AND ANY PAYMENT IS MADE TO CDS & CO. OR TO SUCH OTHER ENTITY AS IS REQUESTED BY AN AUTHORIZED REPRESENTATIVE OF CDS), ANY TRANSFER, PLEDGE OR OTHER USE HEREOF FOR VALUE OR OTHERWISE BY OR TO ANY PERSON IS WRONGFUL SINCE THE REGISTERED HOLDER HEREOF, CDS & CO., HAS A PROPERTY INTEREST IN THE SECURITIES REPRESENTED BY THIS CERTIFICATE HEREIN AND IT IS A VIOLATION OF ITS RIGHTS FOR ANOTHER PERSON TO HOLD, TRANSFER OR DEAL WITH THIS CERTIFICATE.”
(j) **Interest Payment Election**. Subject to the provisions and conditions of Article 10, the Corporation may elect, from time to time, to satisfy all or any part of its Interest Obligation on the Debentures on any Interest Payment Date by issuing and delivering Freely Tradeable Common Shares to such holders of Debentures. If the Corporation elects to exercise such option, it will deliver a Common Share Interest Payment Election Notice to the holders of the Debentures substantially in the form of Schedule D.

(k) **Change of Control**. Upon the occurrence of a Change of Control and subject to the provisions and conditions of this Section 2.2(k), the Corporation will be obligated to offer to purchase all Debentures then outstanding. The terms and conditions of such obligation are set forth below:

(i) Within 30 days following the occurrence of a Change of Control, the Corporation will deliver to the Debenture Trustee a notice in writing stating that there has been a Change of Control and specifying the date on which such Change of Control occurred and the circumstances or events giving rise to such Change of Control together with an offer in writing (the “**Debenture Offer**”) to purchase all of the Debentures then outstanding from the holders thereof at a price per Debenture equal to 101% of the principal amount thereof together with accrued and unpaid interest thereon up to but excluding the Change of Control Purchase Date (as defined below) (the “**Offer Price**”). The Debenture Trustee will promptly, but no later than three Business Days thereafter, deliver, by prepaid mail a notice of the Change of Control (in a form prepared by the Corporation) together with the Debenture Offer to the holders of all Debentures then outstanding, at their addresses appearing in the registers of holders of Debentures maintained by the Debenture Trustee.

(ii) The Debenture Offer will specify the date (the “**Expiry Date**”) and time (the “**Expiry Time**”) on which the Debenture Offer expires which date and time will not, unless otherwise required by Applicable Securities Legislation, be earlier than the close of business on the 35th day and not later than the close of business on the 60th day following the date on which such Debenture Offer is delivered or mailed by or on behalf of the Debenture Trustee as provided above.

(iii) The Debenture Offer will specify that the Debenture Offer may be accepted by the holders of Debentures by tendering the Debentures so held by them to the Debenture Trustee at its principal offices in Toronto, Ontario at or before the Expiry Time together with an acceptance notice (the “**Acceptance Notice**”) in form and substance acceptable to the Debenture Trustee.
(iv) The Debenture Offer will state that holders of Debentures may accept the Debenture Offer in respect of all or a portion (in a minimum amount of $1,000 principal amount and multiples thereof) of their Debentures.

(v) The Debenture Offer will specify a date (the “Change of Control Purchase Date”) no later than the third Business Day following the Expiry Date on which the Corporation will take up and pay for all Debentures duly tendered in acceptance of the Debenture Offer.

(vi) The Corporation will, on or before 10:00 a.m. (Montréal time), on the Business Day immediately prior to the Change of Control Purchase Date pay to the Debenture Trustee by wire transfer or such other means as may be acceptable to the Debenture Trustee, an amount of money sufficient to pay the aggregate Offer Price in respect of all Debentures duly tendered to the Debenture Offer (less applicable Withholding Taxes, if any). The Debenture Trustee, on behalf of the Corporation, will pay the Offer Price to the holders of Debentures in the respective amounts to which they are entitled in accordance with the Debenture Offer as aforesaid.

(vii) If 90% or more of the aggregate principal amount of Debentures issued under the Indenture outstanding on the date the Corporation provides notice of the Change of Control have been tendered to the Corporation pursuant to the Debenture Offer, the Corporation will have the right (the “90% Redemption Right”), but not the obligation, upon written notice (the “90% Redemption Right Notice”) provided to the Debenture Trustee within 10 days following the Expiry Date, to elect to redeem all the Debentures remaining outstanding at the Offer Price and on the other terms and conditions provided herein. Upon receipt of such notice by the Debenture Trustee, the Debenture Trustee will promptly provide written notice (in a form prepared by the Corporation) to each holder of outstanding Debentures (other than those that have accepted the Debenture Offer) that:

(A) the Corporation has exercised the 90% Redemption Right and is purchasing all outstanding Debentures effective as at the Change of Control Purchase Date at the Offer Price;

(B) such holder will surrender its Debentures to the Debenture Trustee within 30 days after the sending of such notice; and

(C) the rights of such holder under the terms of the Debentures and this Indenture will cease to be effective as of the Change of Control Purchase Date provided has, on or before the date on which the Corporation delivers the 90% Redemption Notice to the Debenture Trustee, paid the aggregate Offer Price to, or to the order of, the Debenture Trustee and thereafter such holder’s Debentures will not be considered to be outstanding and such holder will not have any rights hereunder except to receive such Offer Price to which such holder is entitled upon surrender and delivery of such holder’s Debentures in accordance with the Indenture.
(viii) The Corporation will, on or before 10:00 a.m. (Montreal time), on the Business Day immediately prior to the date on which the Corporation delivers the 90% Redemption Right Notice, pay to the Debenture Trustee by wire transfer or such other means as may be acceptable to the Debenture Trustee, an amount of money sufficient to pay the aggregate Offer Price in respect of all Debentures to be redeemed pursuant to the 90% Redemption Right (less applicable Withholding Taxes, if any). The Debenture Trustee, on behalf of the Corporation, will pay the Offer Price to the holders of Debentures in the respective amounts to which they are entitled in accordance with the exercise of the 90% Redemption Right as aforesaid upon surrender and delivery of such holders’ Debentures.

(ix) The Debentures in respect of which the Corporation has made payment to the Debenture Trustee in accordance with the terms of this Section 2.2(k) (or the portion thereof tendered in acceptance of the Debenture Offer) will thereafter no longer be considered to be outstanding under this Indenture. The Corporation will also deposit with the Debenture Trustee a sum of money sufficient to pay any charges or expenses which may be incurred by the Debenture Trustee in connection with the Debenture Offer and the exercise of the 90% Redemption Right if applicable. All Debentures in respect of which payment of the Offer Price has been so made will be cancelled by the Debenture Trustee.

(x) In the event that only a portion of the principal amount of a Debenture is tendered by a holder thereof in acceptance of the Debenture Offer, the Corporation shall, as applicable, execute and deliver to the Debenture Trustee and the Debenture Trustee shall certify and deliver to the holder, as applicable, without charge to such holder, a certificate representing the principal amount of the Debenture not so tendered in acceptance of the Debenture Offer, or in the case of an uncertificated Debenture, update the register in accordance with its Internal Procedures.

(l) Listing. The Corporation will use commercially reasonable efforts to maintain the listing and posting for trading of the Debentures on the TSXV or such other exchange on which the Common Shares are listed and posted for trading, and to maintain the Corporation’s status as a “reporting issuer not in default” under Applicable Securities Legislation and to remain subject to, and in compliance with, reporting obligations under either Section 13 or Section 15(d) of the United States Securities Exchange Act of 1934, as amended; provided that the foregoing covenant shall not prevent or restrict the Corporation from carrying out a transaction to which Article 11 would apply if carried out in compliance with Article 11, respectively, even if as a result of such transaction the Common Shares or the Debentures, as the case may be, cease to be listed on the TSXV or on another stock exchange recognized by relevant securities regulatory authorities or the Corporation ceases to be a “reporting issuer”.  

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Documents to Debenture Trustee. The Debenture Trustee will be provided with the documents and instruments referred to below prior to the issuance of any Debentures:

- a Written Direction of the Corporation requesting certification and delivery of such Debentures and setting forth delivery instructions;
- an opinion of Counsel, in form and substance satisfactory to the Debenture Trustee, acting reasonably, to the effect that all requirements imposed by the Indenture or by law in connection with the proposed issue of Debentures have been complied with, subject to the delivery of certain documents or instruments specified in such opinion; and
- an Officer’s Certificate certifying that the Corporation is not in default under this Indenture, that the terms and conditions for the certification and delivery of Debentures (including those set forth in Section 15.5), have been complied with subject to the delivery of any documents or instruments specified in such Officer’s Certificate and that no Event of Default exists or will exist upon such certification and delivery.

2.3 Execution of Debentures

All certificated Debentures will be signed (either manually or by facsimile signature) by any one Director or any one authorized officer of the Corporation, on behalf of the Corporation, holding office at the time of signing. A facsimile signature upon a certificated Debenture is for all purposes of this Indenture deemed to be the signature of the person whose signature it purports to be. Notwithstanding that any person whose signature, either manual or in facsimile, appears on a certificated Debenture as Director or an authorized officer of the Corporation, on behalf of the Corporation, may no longer hold such office at the date of the Debenture or at the date of the certification and delivery thereof, such certificated Debenture will be valid and binding upon the Corporation and entitled to the benefits of this Indenture.

2.4 Certification

No certificated Debenture will be issued or, if issued, will be obligatory or will entitle the holder to the benefits of this Indenture, until it has been manually certified by or on behalf of the Debenture Trustee substantially in the form set out in this Indenture, in the relevant supplemental indenture or in some other form approved by the Debenture Trustee. Such certification on any certificated Debenture is conclusive evidence that such Debenture is duly issued, is a valid obligation of the Corporation and the holder is entitled to the benefits hereof.

The certificate of the Debenture Trustee signed on the certificated Debentures, or interim Debentures hereinafter mentioned, or the completion of its Internal Procedures as detailed below, will not be construed as a representation or warranty by the Debenture Trustee as to the validity of this Indenture or of the Debentures or interim Debentures or as to the issuance of the Debentures or interim Debentures and the Debenture Trustee will in no respect be liable or answerable for the use made of the Debentures or interim Debentures or any of them or the proceeds thereof. The certificate of the Debenture Trustee signed on the Debentures or interim Debentures, or the completion of its Internal Procedures as detailed below, will, however, be a representation and warranty by the Debenture Trustee that the Debentures or interim Debentures have been duly certified by or on behalf of the Debenture Trustee pursuant to the provisions of this Indenture.
A Debenture that is not evidenced by a certificate shall, for all purposes of this Indenture, be deemed to have been duly certified by the Debenture Trustee if the Debenture Trustee has, in respect to such Debenture, completed all Internal Procedures such that the particulars of such Debenture are entered in the register in respect of the Debentures. For this purpose, “Internal Procedures” means, in respect of the making of any one or more entries to, changes in or deletions of any one or more entries in the register in respect of the Debentures at any time, the minimum number of the Debenture Trustee’s internal procedures customary at such time for the entry, change or deletion made to be complete under the operating procedures followed at such time by the Debenture Trustee.

2.5 Interim Debentures or Certificates

Pending the delivery of definitive Debentures of any series to the Debenture Trustee, the Corporation may issue and the Debenture Trustee may certify in lieu thereof interim Debentures in such forms and in such denominations and signed in such manner as provided herein, entitling the holders thereof to definitive Debentures of the series when the same are ready for delivery; or the Corporation may execute and the Debenture Trustee may certify a temporary Debenture for the whole principal amount of Debentures of the series then authorized to be issued hereunder, as the Corporation and the Debenture Trustee may approve, entitling the holders thereof to definitive Debentures of the series when the same are ready for delivery; and, when so issued and certified, such interim or temporary Debentures or interim certificates will, for all purposes but without duplication, rank in respect of this Indenture equally with Debentures duly issued hereunder and, pending the exchange thereof for definitive Debentures, the holders of the interim or temporary Debentures or interim certificates will be deemed without duplication to be Debentureholders and entitled to the benefit of this Indenture to the same extent and in the same manner as though the said exchange had actually been made. Forthwith after the Corporation has delivered the definitive Debentures to the Debenture Trustee, the Debenture Trustee will cancel such temporary Debentures, if any, and will call in for exchange all interim Debentures or certificates that were issued and forthwith after such exchange will cancel the same. No charge will be made by the Corporation or the Debenture Trustee to the holders of such interim or temporary Debentures or interim certificates for the exchange thereof.

2.6 Mutilation, Loss, Theft or Destruction

In case any of the Debenture certificates issued hereunder become mutilated, lost, stolen or destroyed, the Corporation, in its discretion, may issue, and thereupon the Debenture Trustee will certify and deliver, a new Debenture upon surrender and cancellation of the mutilated Debenture, or in the case of a lost, stolen or destroyed Debenture, in lieu of and in substitution for the same, and the substituted Debenture will be in a form approved by the Debenture Trustee and will be entitled to the benefits of this Indenture and rank equally in accordance with its terms with all other Debentures issued or to be issued hereunder. In case of loss, theft or destruction the applicant for a substituted Debenture will furnish to the Corporation and to the Debenture Trustee such evidence of the loss, theft or destruction of the Debenture as is satisfactory to them in their discretion and will also furnish a surety bond and an indemnity satisfactory to them in their discretion. The applicant will pay all reasonable expenses incidental to the issuance of any substituted Debenture payable to the Corporation and the Debenture Trustee.
2.7 Concerning Interest

(a) All Debentures issued hereunder, whether originally or upon transfer, exchange or in substitution for previously issued Debentures which are interest bearing, will, bear interest (i) from and including their issue date, or (ii) from and including the last Interest Payment Date in respect of which interest has become due and payable on the outstanding Debentures, whichever is later, to but excluding the next Interest Payment Date.

(b) Interest for any period of less than six months will be computed on the basis of a year of 360 days. Subject to Section 2.2(b) in respect of the method for calculating the amount of interest to be paid on the Debentures on the first Interest Payment Date in respect thereof, whenever interest is computed on the basis of a 365 or 366 day year, the yearly rate of interest to which the rate used in such calculation is equivalent is the rate so used multiplied by the actual number of days in the calendar year in which the same is to be ascertained and divided by 365 or 366, as applicable. The rates of interest under this Agreement are nominal rates, and not effective rates or yields. The principle of deemed reinvestment of interest does not apply to any interest calculation under this Agreement.

(c) The Debenture Trustee shall be entitled to rely on the calculations of the Corporation with regards to the calculation of interest.

2.8 Debentures to Rank Pari Passu

The Debentures will be direct unsecured obligations of the Corporation. Each Debenture will rank pari passu with each other Debenture (regardless of their actual date or terms of issue) and, subject to statutory preferred exceptions, with all other present and future subordinated and unsecured indebtedness of the Corporation.

2.9 Payments of Amounts Due on Maturity

Except as may otherwise be provided herein or in any supplemental indenture in respect of Debentures and subject to Section 4.9, payments of amounts due upon maturity of the Debentures will be made in the following manner. The Corporation will establish and maintain with the Debenture Trustee an account created for such purposes (the “Maturity Account”) for the Debentures. The Maturity Account will be maintained by and be subject to the control of the Debenture Trustee for the purposes of this Indenture. On or before 10:00 a.m. (Montréal time) on the Business Day immediately prior to each maturity date for Debentures outstanding from time to time under this Indenture, the Corporation will deliver by certified cheque or wire transfer to the Debenture Trustee for deposit in the Maturity Account an amount calculated by the Corporation to be sufficient to pay the cash amount payable in respect of the Debentures (including the principal amount together with any accrued and unpaid interest thereon less applicable Withholding Taxes, if any). The Debenture Trustee, on behalf of the Corporation, will pay to each holder entitled to receive payment the principal amount of and premium (if any) and accrued and unpaid interest on the Debenture (less applicable Withholding Taxes, if any), upon surrender of the Debenture at any branch of the Debenture Trustee designated for such purpose from time to time by the Corporation and the Debenture Trustee. The delivery of such funds to the Debenture Trustee for deposit to the Maturity Account will satisfy and discharge the liability of the Corporation for the Debentures to which the delivery of funds relates to the extent of the amount delivered (plus the amount of any tax withheld or deducted as aforesaid and remitted to the proper tax authority) and such Debentures will thereafter to that extent not be considered as outstanding under this Indenture and such holder will have no other right in regard thereto other than to receive out of the money so delivered or made available the amount to which it is entitled. The Debenture Trustee shall make payments hereunder only to the extent that it has been funded.
2.10 Payment of Interest

(a) With respect to any interest due on Debentures (except at maturity, on conversion or on redemption, when interest may at the option of the Corporation be paid upon surrender of such Debenture) the Corporation, either directly or through the Debenture Trustee or any agent of the Debenture Trustee, will send or forward by prepaid ordinary mail, electronic transfer of funds, or other means acceptable to the parties, payment of such interest (less applicable Withholding Taxes, if any) to the order of the registered holder of such Debenture appearing on the registers maintained by the Debenture Trustee at the close of business on the fifth Business Day prior to the applicable Interest Payment Date and addressed to the holder at the holder’s last address appearing on the register, unless such holder otherwise directs. If payment is made by cheque, such cheque will be forwarded at least three Business Days prior to each date on which interest becomes due (and, if such cheques are to be mailed by the Debenture Trustee, the Corporation will deliver to the Debenture Trustee the amount required to be paid by the Debenture Trustee one Business Day prior to the date on which the Debenture Trustee is required to mail such cheques) and if payment is made by other means (such as electronic transfer of funds, provided the Debenture Trustee will receive confirmation of receipt of funds prior to being able to wire funds to holders), such payment will be made in a manner whereby the holder receives credit for such payment on the date such interest on such Debenture becomes due. The mailing of such cheque or the making of such payment by other means will, to the extent of the sum represented thereby, plus the amount of any tax withheld or deducted as aforesaid and remitted to the proper tax authority, satisfies and discharges all liability for interest on such Debenture, unless in the case of payment by cheque, such cheque is not paid at par on presentation. In the event of non-receipt of any cheque for or other payment of interest by the person to whom it is so sent as aforesaid, the Corporation or the Debenture Trustee will issue to such person a replacement cheque or other payment for the amount upon being furnished with such evidence of non-receipt as it reasonably requires and upon being funded and indemnified to its satisfaction. Notwithstanding the foregoing, if the Corporation is prevented by circumstances beyond its control (including, without limitation, any interruption in mail service) from making payment of any interest due on each Debenture in the manner provided above, the Corporation may make payment of such interest or make such interest available for payment in any other manner acceptable to the Debenture Trustee with the same effect as though payment had been made in the manner provided above.

(b) Notwithstanding Section 2.10(a), for Debentures represented, in whole or in part, by a Global Debenture, all payments of interest on the Global Debenture will be made by electronic funds transfer to the Depositary or its nominee for subsequent payment to Beneficial Holders of interests in that Global Debenture, unless the Corporation and the Depositary otherwise agree. The Corporation will pay such funds to the Debenture Trustee on or before 10:00 a.m. (Montréal time) on the Business Day immediately prior to the applicable Interest Payment Date. None of the Corporation, the Debenture Trustee or any agent of the Debenture Trustee for any Debenture issued as a Global Debenture will be liable or responsible to any person for any aspect of the records related to or payments made on account of beneficial interests in any Global Debenture or for maintaining, reviewing, or supervising any records relating to such beneficial interests.
2.11 Withholding Tax

(a) The Corporation, either directly or through the Debenture Trustee, is entitled to deduct and withhold an amount in respect of any applicable taxes or similar charges (including interest, penalties or similar amounts in respect thereof) (“Withholding Taxes”) imposed or levied by or on behalf of: (a) the Canadian government or of any Province or territory thereof or any authority or agency having power to tax, including pursuant to the Tax Act; or, (b) imposed or levied by or on behalf of the United States government or any state or subdivision thereof or any authority or agency having power to tax, including pursuant to the Code, from any payment (or portion thereof), including by the issuance of Common Shares, to be made on or in connection with the Debentures and, provided that the Corporation, or the Debenture Trustee, as the case may be, forthwith remits such Withholding Taxes to such government, authority or agency and files all required forms in respect thereof and promptly provides copies of such remittance and filing to the Debenture Trustee or the relevant Debentureholder, the amount of any such Withholding Taxes will be considered an amount paid in satisfaction of the Corporation’s obligations under the Debentures and there is no obligation on the Corporation to gross-up amounts paid or credited to a holder or any other Person in respect of such Withholdings Taxes.

(b) The Corporation will provide the Debenture Trustee or the relevant Debentureholder with copies of receipts or other communications relating to the remittance of such Withholding Taxes or the filing of such forms received from such government, authority or agency promptly after receipt thereof.

(c) To the extent that the amount so required to be deducted or withheld from any payment by the Corporation in respect of the Debentures exceeds the cash portion (if any) of the amounts otherwise payable in respect of the Debentures, the Corporation is hereby authorized to facilitate the sale or otherwise dispose of such portion of the consideration payable in respect of the Debentures (including any Common Shares required to be delivered by the Corporation) as is necessary to provide sufficient funds to the Corporation to enable it to comply with such Withholding Taxes requirement.

(d) The Corporation authorizes the Debenture Trustee to convert or cause to be converted through an agent or affiliate, the Canadian dollar cash payment on account of interest, premium, if any, or principal payable to a holder in respect of the Debentures, into United States dollars, at the rate of conversion available to the Debenture Trustee on the date the funds are converted, if the holder so provides a written direction to the Debenture Trustee requesting its receipt in United States dollars. By providing the written request, the holder will have acknowledged and agreed that the exchange rate for one Canadian dollar expressed in United States dollars will be based on the exchange rate available to the Debenture Trustee on the date the funds are converted. Holders electing to have their payments paid in United States dollars will have further acknowledged and agreed that any change to the currency exchange rates of the United States or Canada will be at the sole risk of the holder.
At any time, the Debenture Trustee may request direction from the Corporation in writing as to any tax reporting requirements under this Indenture and the Debenture Trustee may rely on the tax reporting requirements provided by the Corporation. The Debenture Trustee shall at all times be indemnified and held harmless by the Corporation from and against any personal liabilities of the Debenture Trustee incurred in connection with the failure of the Corporation or its agents, to report, remit or withhold taxes. This indemnification shall survive the resignation or removal of the Debenture Trustee and the termination of this Indenture solely to the extent that such liabilities have been incurred in connection with taxation years occurring during the term of this Indenture.

ARTICLE 3
REGISTRATION, TRANSFER, EXCHANGE AND OWNERSHIP

3.1 Fully Registered Debentures

(a) With respect to Debentures issuable, in whole or in part, as Fully Registered Debentures, the Corporation will cause to be kept by and at the principal office of the Debenture Trustee in Toronto, Ontario and by the Debenture Trustee or such other registrar as the Corporation, with the approval of the Debenture Trustee, may appoint at such other place or places, if any, as may be specified in the Debentures of such series or as the Corporation may designate with the approval of the Debenture Trustee, a register in which will be entered the names and addresses of the holders of Fully Registered Debentures and particulars of the Debentures held by them respectively and of all transfers of Fully Registered Debentures. Such registration will be noted on the Debentures by the Debenture Trustee or other registrar unless a new Debenture is issued upon such transfer.

(b) No transfer of a Fully Registered Debenture will be valid unless made on such register referred to in Section 3.1(a) by the registered holder or such holder’s executors, administrators or other legal representatives or a mandatary duly appointed by an instrument in writing in form and execution satisfactory to the Debenture Trustee or other registrar upon surrender of the Debentures together with a duly executed form of transfer acceptable to the Debenture Trustee and upon compliance with such other reasonable requirements as the Debenture Trustee or other registrar may prescribe.

3.2 Global Debentures

(a) With respect to Debentures issuable in whole or in part as one or more Global Debentures, the Corporation will cause to be kept by and at the principal offices of the Debenture Trustee in Toronto, Ontario and by the Debenture Trustee or such other registrar as the Corporation, with the approval of the Debenture Trustee, may appoint at such other place or places, if any, as the Corporation may designate with the approval of the Debenture Trustee, a register in which will be entered the name and address of the holder of each such Global Debenture (being the Depositary, or its nominee, for such Global Debenture) as holder thereof and particulars of the Global Debenture held by it, and of all transfers thereof. If any Debentures are at any time not Global Debentures, the provisions of Section 3.1 will govern with respect to registrations and transfers of such Debentures.
Beneficial interests in the Global Debentures will not be shown on the register or records maintained by the Debenture Trustee, but will be represented through book-entry accounts of participants on behalf of the beneficial owners of such Global Debenture. None of the Corporation, the Debenture Trustee or any other paying agent will have the responsibility or liability for any aspects of the records relating to or payments made by any Depositary or any participant on account of the beneficial interest in any Global Debenture.

Notwithstanding any other provision of this Indenture, a Global Debenture may not be transferred by the registered holder thereof and, accordingly, no definitive certificates will be issued to Beneficial Holders except in the following circumstances or as otherwise specified in an Officer’s Certificate or a supplemental indenture relating to a particular series of Debentures:

(i) Global Debentures may be transferred by a Depositary to a nominee of such Depositary or by a nominee of a Depositary to such Depositary or to another nominee of such Depositary or by a Depositary or its nominee to a successor Depositary or its nominee;

(ii) Global Debentures may be transferred at any time after (i) the Corporation or the Depositary for such Global Debentures has notified the Debenture Trustee that the Depositary is unwilling or unable to continue as Depositary for such Global Debentures, or (ii) the Depositary ceases to be eligible to be a Depositary pursuant to the terms hereof, provided in each case that at the time of such transfer the Corporation has not appointed a successor Depositary for such Global Debentures;

(iii) Global Debentures may be transferred at any time after the Corporation has determined, in its sole discretion to terminate the book-entry only registration system in respect of such Global Debentures and has communicated such determination to the Debenture Trustee in writing;

(iv) Global Debentures may be transferred at any time after the Debenture Trustee has determined that an Event of Default has occurred and is continuing with respect to the Debentures issued as a Global Debenture, provided that Beneficial Holders representing, in the aggregate, not less than 25% of the aggregate principal amount of the Debentures advise the Depositary in writing, through the Depositary Participants, that the continuation of the book-entry only registration system is no longer in their best interest and also provided that at the time of such transfer the Debenture Trustee has not waived the Event of Default pursuant to Section 8.3;
(v) Global Debentures may be transferred if required by applicable law; or

(vi) Global Debentures may be transferred if the book-entry only registration system ceases to exist.

(d) With respect to the Global Debentures, unless and until definitive certificates have been issued to Beneficial Holders pursuant to Section 3.2(c):

(i) the Corporation and the Debenture Trustee may deal with the Depositary for all purposes (including paying interest on the Debentures) as the sole holder of Debentures and the authorized representative of the Beneficial Holders;

(ii) the rights of the Beneficial Holders will be exercised only through the Depositary and will be limited to those established by law and agreements between such Beneficial Holders and the Depositary or the Depositary Participants;

(iii) the Depositary will make book-entry transfers among the Depositary Participants; and

(iv) whenever this Indenture requires or permits actions to be taken based upon instructions or directions of Debentureholders evidencing a specified percentage of the outstanding Debentures, the Depositary will be deemed to be counted in that percentage only to the extent that it has received instructions to such effect from the Beneficial Holders or the Depositary Participants, and has delivered such instructions to the Debenture Trustee.

(e) Whenever a notice or other communication is required to be provided to Debentureholders, unless and until definitive certificate(s) have been issued to Beneficial Holders pursuant to this Section 3.2, the Debenture Trustee will provide all such notices and communications to the Depositary and the Depositary will deliver such notices and communications to such Beneficial Holders in accordance with Applicable Securities Legislation. Upon the termination of the book-entry only registration system on the occurrence of one of the conditions specified in Section 3.2(c), the Depositary will notify all Depositary Participants, who will in turn notify all applicable Beneficial Holders of the availability of definitive Debenture certificates. Upon surrender by the Depositary of the Global Debentures and receipt of new registration instructions from the Depositary, the Debenture Trustee will deliver the definitive Debenture certificates for such Fully Registered Debentures to the holders thereof in accordance with the new registration instructions and, thereafter, the registration and transfer of such Fully Registered Debentures will be governed by Section 3.1 and the remaining Sections of this Article 3.
3.3 Transferee Entitled to Registration

The transferee of a Debenture is entitled, after the appropriate form of transfer is lodged with the Debenture Trustee or other registrar and upon compliance with all other conditions in that behalf required by this Indenture or by law, to be entered on the register as the owner of such Debenture free from all equities or rights of set-off or counterclaim between the Corporation and the transferor or any previous holder of such Debenture, save in respect of equities of which the Corporation is required to take notice by statute or by order of a court of competent jurisdiction.

3.4 No Notice of Trusts

Neither the Corporation nor the Debenture Trustee nor any registrar will be bound to take notice of or see to the execution of any trust whether express, implied or constructive, in respect of any Debenture, and may transfer the same on the direction of the person registered as the holder thereof, whether named as trustee or otherwise, as though that person were the beneficial owner thereof.

3.5 Registers Open for Inspection

The registers referred to in Sections 3.1 and 3.2 will at all reasonable times be open for inspection by the Corporation, the Debenture Trustee or any Debentureholder. Every registrar, including the Debenture Trustee, will from time to time when requested so to do by the Corporation or by the Debenture Trustee, in writing, furnish the Corporation or the Debenture Trustee, as the case may be, with a list of names and addresses of holders of registered Debentures entered on the register kept by them and showing the principal amount of the Debentures held by each such holder, provided the Debenture Trustee is entitled to charge a reasonable fee to provide such a list.

3.6 Exchanges of Debentures

(a) Subject to Section 3.8, Debentures in any authorized form or denomination, other than Global Debentures, may be exchanged for Debentures in any other authorized form or denomination, of the same series and date of maturity, bearing the same interest rate and of the same aggregate principal amount as the Debentures so exchanged.

(b) In respect of exchanges of Debentures permitted by Section 3.6(a), Debentures of any series may be exchanged only at the principal offices of the Debenture Trustee in Toronto, Ontario or at such other place or places, if any, as may be specified in the Debentures of such series and at such other place or places as may from time to time be designated by the Corporation with the approval of the Debenture Trustee. Any Debenture certificates tendered for exchange will be surrendered to the Debenture Trustee. The Corporation will execute and the Debenture Trustee will certify all Debenture certificates necessary to carry out exchanges as aforesaid. All Debenture certificates surrendered for exchange will be cancelled.

(c) Debentures issued in exchange for Debentures which at the time of such issue have been selected or called for redemption at a later date will be deemed to have been selected or called for redemption in the same manner.
3.7 Closing of Registers

(a) Neither the Corporation nor the Debenture Trustee nor any registrar will be required to:

(i) make transfers, conversions or exchanges of any Debentures on any Interest Payment Date for such Debentures or during the five preceding Business Days;

(ii) make transfers or exchanges of any Debentures on the day of any selection by the Debenture Trustee of Debentures to be redeemed or during the five preceding Business Days; or

(iii) make transfers or exchanges of any Debentures which will have been selected or called for redemption unless upon due presentation thereof for redemption such Debentures will not be redeemed.

(b) Subject to any restriction herein provided, the Corporation with the approval of the Debenture Trustee may at any time close any register for any series of Debentures, other than those kept at the principal offices of the Debenture Trustee in Toronto, Ontario, and transfer the registration of any Debentures registered thereon to another register (which may be an existing register) and thereafter such Debentures will be deemed to be registered on such other register. Notice of such transfer will be given to the holders of such Debentures.

3.8 Charges for Registration, Transfer and Exchange

For each Debenture exchanged, registered, transferred or discharged from registration, the Debenture Trustee or other registrar, except as otherwise herein provided, may make a reasonable charge for its services and in addition may charge a reasonable sum for each new Debenture issued (such amounts to be agreed upon from time to time by the Debenture Trustee and the Corporation), and payment of such charges and reimbursement of the Debenture Trustee or other registrar for any stamp taxes or governmental or other charges required to be paid will be made by the party requesting such exchange, registration, transfer or discharge from registration as a condition precedent thereto. Notwithstanding the foregoing provisions, no charge will be made to a Debentureholder hereunder:

(a) for any exchange, registration, transfer or discharge from registration of any Debenture applied for within a period of two months from the date of the first delivery of Debentures of that series;

(b) for any exchange of a Global Debenture as contemplated in Section 3.2; and

(c) for any exchange of any Debenture resulting from a partial redemption under Section 4.2.

3.9 Ownership of Debentures

(a) Unless otherwise required by law, the person in whose name any registered Debenture is registered will for all the purposes of this Indenture be and be deemed to be the owner thereof and payment of or on account of the principal of such Debenture and interest thereon will be made to such registered holder.
The registered holder for the time being of any registered Debenture will be entitled to the principal, premium, if any, and/or interest evidenced by such instruments, respectively, free from all equities or rights of set-off or counterclaim between the Corporation and the original or any intermediate holder thereof and all persons may act accordingly and the receipt of any such registered holder of any such principal, premium or interest will be a good discharge to the Corporation and/or the Debenture Trustee for the same and neither the Corporation nor the Debenture Trustee will be bound to inquire into the title of any such registered holder.

Where Debentures are registered in more than one name, the principal, premium, if any, and interest from time to time payable in respect thereof may be paid or credited to the order of all such holders, failing written instructions from them to the contrary, and the receipt of any one of such holders therefor will be a valid discharge to the Debenture Trustee, any registrar and to the Corporation.

In the case of the death of one or more joint holders of any Debenture the principal, premium, if any, and interest from time to time payable thereon may be paid to the order of the survivor or survivors of such registered holders and the receipt of any such survivor or survivors therefor will be a valid discharge to the Debenture Trustee, any registrar and to the Corporation.

3.10 NCI Letter of Instructions

Notwithstanding anything to the contrary set out herein, all physical Debenture certificates issued to the Depositary may be surrendered to the Debenture Trustee for an electronic position on the register of Debentureholders to be maintained by the Debenture Trustee in accordance with Section 3.2. All Debentures maintained in such electronic position will be valid and binding obligations of the Corporation, entitling the registered holders thereof to the same benefits as those registered holders who hold Debentures in physical form. This Indenture and the provisions contained herein will apply, mutatis mutandis, to such Debentures held in such electronic position. It is understood and agreed by the parties that, unless the Debenture Trustee is otherwise not in a position to perform electronic conversions, in every instance where Debentures held in an electronic position through the Depositary are to be converted in whole or in part, such Debentures being converted shall not be certificated, and it shall be sufficient for the Debenture Trustee to convert such Debentures upon receiving either a conversion notice in the form of Schedule E executed by the Depositary or an NCI Letter of Instructions in a form agreed upon by the Debenture Trustee and the Depositary, or such other form that they may require from time to time.

ARTICLE 4
REDEMPTION AND PURCHASE OF DEBENTURES

4.1 Applicability of Article

Subject to compliance with Applicable Securities Legislation, including regulatory approval, the Corporation has the right at its option to redeem, either in whole at any time or in part from time to time before maturity, either by payment of money, by issuance of Freely Tradeable Common Shares as provided in Section 4.6 or any combination thereof, Debentures issued hereunder which by their terms are made so redeemable (subject, however, to any applicable restriction on the redemption of Debentures including as set out in Section 2.2(c)) at such rate or rates of premium, if any, and on such date or dates and in accordance with such other provisions as determined at the time of issue of such Debentures and as expressed in this Indenture, in the Debentures, or in a supplemental indenture authorizing or providing for the issue thereof.
(b) Subject to compliance with Applicable Securities Legislation, including regulatory approval, the Corporation also has the right at its option to repay, either in whole or in part, on maturity, either by payment of money in accordance with Section 2.9, by issuance of Freely Tradeable Common Shares as provided in Section 4.9 or any combination thereof, any Debentures issued hereunder which by their terms are made so repayable on maturity (subject, however, to any applicable restriction on the repayment of the principal amount of the Debentures) at such rate or rates of premium, if any, and on such date or dates and in accordance with such other provisions as determined at the time of issue of such Debenture and expressed in this Indenture, in the Debentures, or in a supplemental indenture authorizing or providing for the issue thereof.

4.2 Partial Redemption

If less than all the Debentures for the time being outstanding are at any time to be redeemed, or if a portion of the Debentures being redeemed are being redeemed for cash and a portion of such Debentures are being redeemed by the payment of Freely Tradeable Common Shares pursuant to Section 4.6, then the Debentures to be so redeemed will be selected by the Debenture Trustee on a pro rata basis to the nearest multiple of $1,000 in accordance with the principal amount of the Debentures registered in the name of each holder or in such other manner as the Debenture Trustee deems equitable, subject to the approval of the TSXV (or such other stock exchange on which the Debentures may be listed and posted for trading), as may be required from time to time. No Debenture will be redeemed in part unless the principal amount redeemed is $1,000 or a multiple thereof. For this purpose, the Debenture Trustee may make, and from time to time vary, regulations with respect to the manner in which such Debentures may be drawn for redemption in part or for redemption in cash and regulations so made will be valid and binding upon all holders of such Debentures notwithstanding the fact that as a result thereof one or more of such Debentures may become subject to redemption in part only or for cash only. In the event that one or more of such Debentures becomes subject to redemption in part only, upon surrender of any such Debentures for payment of the Redemption Price, together with interest accrued to but excluding the Redemption Date, the Corporation will execute and the Debenture Trustee will certify and deliver without charge to the holder thereof or upon the holder’s order one or more new Debentures for the unredeemed part of the principal amount of the Debenture or Debentures so surrendered or, with respect to a Global Debenture, the Debenture Trustee, will make, or have made, notations on the Global Debenture (or in the case of an uncertificated Global Debenture, in accordance with the Debenture Trustee’s Internal Procedures) of the principal amount thereof so redeemed. Unless the context otherwise requires, the terms “Debenture” or “Debentures” as used in this Article 4 is deemed to mean or include any part of the principal amount of any Debenture which in accordance with the foregoing provisions has become subject to redemption.
4.3 Notice of Redemption

Notice of redemption (the “Redemption Notice”) of the Debentures will be given to the holders of the Debentures to be redeemed not more than 60 days nor, subject to Section 4.6(b), less than 30 days prior to the date fixed for redemption (the “ Redemption Date”) in the manner provided in Section 14.2. Every such notice will specify the aggregate principal amount of Debentures called for redemption, the Redemption Date, the Redemption Price and the places of payment and it will state that interest upon the principal amount of Debentures called for redemption will cease to be payable from and after the Redemption Date. In addition, if all the outstanding Debentures are to be redeemed, the Redemption Notice will specify in the case of a Global Debenture, that the redemption will take place in such manner as may be agreed upon by the Depositary, the Debenture Trustee and the Corporation.

4.4 Debentures Due on Redemption Dates

Notice having been given as provided in Section 4.3, the Debentures so called for redemption will thereupon be and become due and payable at the Redemption Price, together with accrued interest to but excluding the Redemption Date, on the Redemption Date specified in such notice, in the same manner and with the same effect as if it were the date of maturity specified in such Debentures, anything therein or herein to the contrary notwithstanding; and from and after such Redemption Date, if the monies necessary to redeem, or the Common Shares to be issued to redeem, such Debentures will have been deposited as provided in Section 4.5 and affidavits or other proof satisfactory to the Debenture Trustee as to the publication and/or mailing of such notices will have been lodged with it, interest upon the Debentures will cease. If any question arises as to whether any notice has been given as above provided and such deposit made, such question will be decided by the Debenture Trustee whose decision will be final and binding upon all parties in interest.

4.5 Deposit of Redemption Monies or Common Shares

(a) Redemption of Debentures will be provided for by the Corporation paying and/or depositing with the Debenture Trustee or any paying agent to the order of the Debenture Trustee, on or before 10:00 a.m. Montréal time on the Business Day immediately prior to the Redemption Date specified in such notice, such sums of money, by wire transfer or such other means as may be acceptable to the Debenture Trustee and/or arranging for the issuance of such certificates or electronic deposits representing such Common Shares, or both as the case may be, as may be sufficient to pay the Redemption Price of the Debentures so called for redemption, plus accrued and unpaid interest thereon up to but excluding the Redemption Date.

(b) The Corporation will also deposit with the Debenture Trustee a sum of money sufficient to pay any charges or expenses which may be incurred by the Debenture Trustee in connection with such redemption. Every such deposit is irrevocable. From the sums so deposited, or certificates so deposited, or both, the Debenture Trustee will pay or cause to be paid, or issue or cause to be issued, to the holders of such Debentures so called for redemption, upon surrender of such Debentures, the principal, premium (if any) and interest (if any) to which they are respectively entitled on redemption (less applicable Withholding Taxes, if any).
4.6 Right to Repay Redemption Price in Common Shares

(a) Subject to the other provisions of this Section 4.6 and applicable regulatory approval, the Corporation may, at its option, in exchange for or in lieu of paying the Redemption Price in money, elect to satisfy its obligation to pay all or any portion of the Redemption Price by issuing and delivering to holders on the Redemption Date that number of Freely Tradeable Common Shares obtained by dividing the Redemption Price or an applicable portion thereof, to be satisfied by the issuance and delivery of Freely Tradeable Common Shares, by 95% of the Current Market Price on the Redemption Date (the “Common Share Redemption Right”),

(b) The Corporation will exercise the Common Share Redemption Right by so specifying in the Redemption Notice which will be delivered to the Debenture Trustee and the holders of Debentures not more than 60 days and not less than 30 days prior to the Redemption Date. The Redemption Notice will also specify the aggregate principal amount of Debentures in respect of which it is exercising the Common Share Redemption Right.

(c) The Corporation’s right to exercise the Common Share Redemption Right is conditional upon the following conditions being met on the Business Day preceding the Redemption Date:

(i) the issuance of the Common Shares on the exercise of the Common Share Redemption Right will be made in accordance with Applicable Securities Legislation and such Common Shares will be issued as Freely Tradeable Common Shares;

(ii) the listing of such additional Freely Tradeable Common Shares on each stock exchange on which the Common Shares are then listed;

(iii) the Corporation being a reporting issuer in good standing under Applicable Securities Legislation where the distribution of such Freely Tradeable Common Shares occurs;

(iv) no Event of Default will have occurred and be continuing;

(v) the receipt by the Debenture Trustee of an Officer’s Certificate stating that conditions (i), (ii), (iii) and (iv) above have been satisfied and setting forth the number of Common Shares to be delivered for each $1,000 principal amount of Debentures and the Current Market Price of the Common Shares on the Redemption Date; and

(vi) the receipt by the Debenture Trustee of an opinion of Counsel to the effect that such Common Shares have been duly authorized and, when issued and delivered pursuant to the terms of this Indenture in payment of the Redemption Price, will be validly issued as fully paid and non-assessable, that conditions (i) and (ii) above have been satisfied and that, relying exclusively on certificates of good standing or lists of reporting issuers not in default issued by the relevant securities authorities, condition (iii) above is satisfied, except that the opinion in respect of condition (iii) need not be expressed with respect to those provinces where such certificates or lists are not issued.
If the foregoing conditions are not satisfied prior to the close of business on the Business Day preceding the Redemption Date, the Corporation will pay the Redemption Price in cash in accordance with Section 4.5 unless the Debentureholders waive the conditions which are not satisfied by way of Extraordinary Resolution.

(d) In the event that the Corporation duly exercises its Common Share Redemption Right, the Corporation will on or before 10:00 a.m. (Montréal time) on the Business Day immediately prior to the Redemption Date, deliver to, or arrange through its transfer agent for Common Shares, for delivery for and on account of the holders, upon the due presentation and surrender of the Debentures to the Debenture Trustee, the Freely Tradeable Common Shares to which such holders are entitled. From the Common Shares so deposited in addition to amounts payable by the Debenture Trustee pursuant to Section 4.5, the Debenture Trustee will, upon the due presentation and surrender of the Debentures, pay or cause to be paid to the holders of such Debentures the Redemption Price of the Debentures called for redemption in the amounts to which they are respectively entitled on the Redemption Date plus accrued and unpaid interest thereon up to but excluding the Redemption Date (less applicable Withholding Taxes, if any) and deliver to such holders the Common Shares to which such holders are entitled.

(e) No fractional Common Shares will be delivered upon the exercise of the Common Share Redemption Right but, in lieu thereof, the Corporation will pay to the Debenture Trustee for the account of the holders, at the time contemplated in Section 4.5(a), the cash equivalent thereof determined on the basis of the Current Market Price of the Common Shares on the Redemption Date (less applicable Withholding Taxes, if any).

(f) A holder of Debentures will be treated as the Shareholder of record of the Freely Tradeable Common Shares issued on due exercise by the Corporation of its Common Share Redemption Right effective immediately after the close of business on the Redemption Date, and will be entitled to all substitutions therefor, all income earned thereon or accretions thereto and all dividends or distributions (including dividends or distributions in kind) thereon and arising thereafter, and in the event that the Debenture Trustee receives the same, it will hold the same in trust for the benefit of such holder.

(g) The Corporation will at all times reserve and keep available out of its authorized Common Shares (if the number thereof is or becomes limited), solely for the purpose of issue and delivery upon the exercise of the Corporation’s Common Share Redemption Right as provided herein, and, upon exercise by the Corporation of such Common Share Redemption Right, will issue to Debentureholders such number of Freely Tradeable Common Shares as are issuable in such event. All Freely Tradeable Common Shares which are so issuable will be duly and validly issued as fully paid and non-assessable.
(h) The Corporation will comply with all Applicable Securities Legislation regulating the issue and delivery of Freely Tradeable Common Shares upon exercise of the Common Share Redemption Right and will cause to be listed and posted for trading such Common Shares on each stock exchange on which the Common Shares are then listed.

(i) The Corporation will from time to time promptly pay, or cause to be paid, all taxes and charges which may be imposed by the laws of Canada or any province thereof (except income tax, Withholding Tax or security transfer tax, if any) which will be payable with respect to the issuance or delivery of Freely Tradeable Common Shares to holders upon exercise of the Common Share Redemption Right pursuant to the terms of the Debentures and of this Indenture.

(j) If the Corporation elects to satisfy its obligation to pay all or any portion of the Redemption Price by issuing Freely Tradeable Common Shares in accordance with this Section 4.6 and if the Redemption Price (or any portion thereof) to which a holder is entitled is subject to Withholding Taxes and the amount of the cash payment of the Redemption Price, if any, is insufficient to satisfy such Withholding Taxes, the Debenture Trustee, on the Written Direction of the Corporation but for the account of the holder, will sell, or cause to be sold through the investment banks, brokers or dealers specified by the Corporation, out of the Freely Tradeable Common Shares issued by the Corporation for the account of such holder for this purpose, such specified number of Freely Tradeable Common Shares that together with the cash payment of the Redemption Price, if any, is sufficient to yield net proceeds (after payment of all costs) to cover the amount of taxes required to be withheld or deducted, and will remit same on behalf of the Corporation to the proper tax authorities within the period of time prescribed for this purpose under applicable laws.

(k) Interest accrued and unpaid on the Debentures on the Redemption Date will be paid (less applicable Withholding Taxes, if any) to holders of Debentures, in cash, in the manner contemplated in Section 4.5, subject to Article 10.

4.7 Failure to Surrender Debentures Called for Redemption

In case the holder of any Debenture called for redemption fails on or before the Redemption Date to surrender such holder’s Debenture, or has not within such time accepted payment of the redemption monies payable, or taken delivery of certificates representing such Common Shares issuable in respect thereof, or given such receipt therefor, if any, as the Debenture Trustee may require, such redemption monies may be set aside in trust, or such certificates may be held in trust without interest, either in the deposit department of the Debenture Trustee or in a Canadian chartered bank, and such setting aside will for all purposes be deemed a payment to the Debentureholder of the sum or Common Shares so set aside and, to that extent, the Debenture will thereafter not be considered as outstanding hereunder. The Debentureholder will have no other right thereunder except to receive payment of the Redemption Price of such Debenture plus any accrued but unpaid interest thereon to but excluding the Redemption Date out of the monies so paid and deposited, or take delivery of the certificates so deposited, or both, as the case may be, less applicable Withholding Taxes, if any, upon surrender and delivery of such holder’s Debenture. In the event that any money, or certificates for Common Shares, required to be deposited hereunder with the Debenture Trustee or any depositary or paying agent on account of principal, premium, if any, or interest, if any, on Debentures issued hereunder will remain so deposited for a period of six years from the Redemption Date, then, subject to any applicable law regarding unclaimed property, such monies or certificates for Common Shares, together with any accumulated interest thereon or any dividend or distribution paid thereon, will at the end of such period be paid over or delivered over by the Debenture Trustee or such depositary or paying agent to the Corporation on its demand, and thereupon the Debenture Trustee will not be responsible to Debentureholders for any amounts owing to them and subject to applicable law, thereafter the holder of a Debenture in respect of which such money was so repaid to the Corporation will have no rights in respect thereof except to obtain payment of the money or Common Shares due from the Corporation.
4.8 Purchase of Debentures by the Corporation

Unless otherwise specifically provided with respect to the Debentures, the Corporation, if it is not at the time in default hereunder, may, at any time and from time to time, purchase Debentures in the market (which includes purchases from or through an investment dealer or a firm holding membership on a recognized stock exchange) or by tender or by private contract, at any price. All Debentures so purchased will be delivered to the Debenture Trustee and cancelled and no Debentures will be issued in substitution therefor. If, upon an invitation for tenders, more Debentures are tendered at the same lowest price that the Corporation is prepared to accept, the Debentures to be purchased by the Corporation will be selected by the Debenture Trustee on a pro rata basis or in such other manner consented to by the TSXV or such other exchange on which the Debentures may be listed and posted for trading which the Debenture Trustee considers appropriate, from the Debentures tendered by each tendering Debentureholder who tendered at such lowest price. For this purpose the Debenture Trustee may make, and from time to time amend, regulations with respect to the manner in which Debentures may be so selected, and regulations so made will be valid and binding upon all Debentureholders, notwithstanding the fact that as a result thereof one or more of such Debentures become subject to purchase in part only. The holder of a Debenture of which only a part is purchased, upon surrender of such Debenture for payment, will be entitled to receive, without expense to such holder, one or more new Debentures for the unpurchased part so surrendered, and the Debenture Trustee will certify and deliver such new Debenture or Debentures upon receipt of the Debenture so surrendered or, with respect to a Global Debenture, the Debenture Trustee will make notations on the Global Debenture (or in the case of an uncertificated Global Debenture, in accordance with the Debenture Trustee’s Internal Procedures) of the principal amount thereof so purchased.

4.9 Right to Repay Principal Amount in Common Shares

(a) Subject to the other provisions of this Section 4.9 and applicable regulatory approval, the Corporation may, at its option, in exchange for or in lieu of paying all or any portion of the principal amount of the Debentures outstanding in money, elect to satisfy its obligation to repay all or any portion of the principal amount of the Debentures outstanding by issuing and delivering to holders on the Maturity Date, for each $1,000 due, that number of Freely Tradeable Common Shares obtained by dividing $1,000 by 95% of the Current Market Price of the Common Shares (the “Common Share Repayment Right”) on the Maturity Date.

(b) The Corporation will exercise the Common Share Repayment Right by so specifying in the Maturity Notice, which will be delivered to the Debenture Trustee and the holders of Debentures not more than 60 days and not less than 30 days prior to the Maturity Date.
The Corporation’s right to exercise the Common Share Repayment Right is conditional upon the following conditions being met on the Business Day preceding the Maturity Date:

(i) the issuance of the Common Shares on the exercise of the Common Share Repayment Right will be made in accordance with Applicable Securities Legislation and such Common Shares will be issued as Freely Tradeable Common Shares;

(ii) the listing of such additional Freely Tradeable Common Shares on each stock exchange on which the Common Shares are then listed;

(iii) the Corporation being a reporting issuer in good standing under Applicable Securities Legislation where the distribution of such Freely Tradeable Common Shares occurs;

(iv) no Event of Default will have occurred and be continuing;

(v) the receipt by the Debenture Trustee of an Officer’s Certificate stating that conditions (i), (ii), (iii) and (iv) above have been satisfied and setting forth the number of Common Shares to be delivered for each $1,000 principal amount of Debentures and the Current Market Price of the Common Shares on the Maturity Date in accordance with the provisions of Section 4.9(a); and

(vi) the receipt by the Debenture Trustee of an opinion of Counsel to the effect that such Common Shares have been duly authorized and, when issued and delivered pursuant to the terms of this Indenture in payment of the principal amount of the Debentures outstanding will be validly issued as fully paid and non-assessable, that conditions (i) and (ii) above have been satisfied and that, relying exclusively on certificates of good standing or list of reporting issuers in default issued by the relevant securities authorities, condition (iii) above is satisfied, except that the opinion in respect of condition (iii) need not be expressed with respect to those provinces where such certificates or lists are not issued.

If the foregoing conditions are not satisfied prior to the close of business on the Business Day preceding the Maturity Date, the Corporation will pay the principal amount of the Debentures outstanding in cash in accordance with Section 2.9, unless the Debentureholders waive the conditions which are not satisfied by way of Extraordinary Resolution.

In the event that the Corporation duly exercises its Common Share Repayment Right, the Corporation will on or before 10:00 a.m. (Montréal time) on the Maturity Date, deliver to the Debenture Trustee or will arrange through its transfer agent for the Common Shares, for delivery to and on account of the holders, upon the due presentation and surrender of the Debentures, the Freely Tradeable Common Shares to which such holders are entitled. The Corporation will also deposit with the Debenture Trustee a sum of money sufficient to pay any charges or expenses which may be incurred by the Debenture Trustee in connection with the Common Share Repayment Right. Every such deposit will be irrevocable. From the Common Shares so deposited in addition to amounts payable by the Debenture Trustee pursuant to Section 2.9, the Debenture Trustee will pay or cause to be paid, to the holders of such Debentures upon surrender of such Debentures, the principal amount of and premium (if any) on the Debentures to which they are respectively entitled on maturity and deliver to such holders the Common Shares to which such holders are entitled. The delivery of such Common Shares to the Debenture Trustee will satisfy and discharge the liability of the Corporation for the Debentures to which the delivery of Common Shares relates to the extent of the amount delivered (plus the amount remitted to the proper tax authority obtained from any Freely Tradeable Common Shares sold to pay applicable taxes in accordance with Section 4.9(j)) and such Debentures will thereafter to that extent not be considered as outstanding under this Indenture and such holder will have no other right in regard thereto other than to receive out of the Common Shares so delivered, the Common Shares to which it is entitled.
(e) No fractional Common Shares will be delivered upon the exercise of the Common Share Repayment Right but, in lieu thereof, the Corporation will pay to the Debenture Trustee for the account of the holders, at the time contemplated in Section 2.9, the cash equivalent thereof determined on the basis of the Current Market Price of the Common Shares on the Maturity Date (less applicable Withholding Taxes, if any).

(f) A registered holder will be treated as the Shareholder of record of the Freely Tradeable Common Shares issued on due exercise by the Corporation of its Common Share Repayment Right effective immediately after the close of business on the Maturity Date, and will be entitled to all substitutions therefor, all income earned thereon or accretions thereto and all dividends (including dividends in kind) thereon and arising thereafter, and in the event that the Debenture Trustee receives the same, it will hold the same in trust for the benefit of such holder.

(g) The Corporation will at all times reserve and keep available out of its authorized Common Shares (if the number thereof is or becomes limited), solely for the purpose of issue and delivery upon the exercise of the Common Share Repayment Right as provided herein, and will issue to Debentureholders to whom Freely Tradeable Common Shares will be issued pursuant to exercise of the Common Share Repayment Right, such number of Freely Tradeable Common Shares as will be issuable in such event. All Freely Tradeable Common Shares which will be so issuable will be duly and validly issued as fully paid and non-assessable.

(h) The Corporation will comply with all Applicable Securities Legislation regulating the issue and delivery of Freely Tradeable Common Shares upon exercise of the Common Share Repayment Right and will cause to be listed and posted for trading such Freely Tradeable Common Shares on the TSXV or such other exchange on which the Common Shares are then listed.

(i) The Corporation will from time to time promptly pay all taxes and charges which may be imposed by the laws of Canada or any province thereof (except income tax, Withholding Tax or security transfer tax, if any) which will be payable with respect to the issuance or delivery of Freely Tradeable Common Shares to holders upon exercise of the Common Share Repayment Right pursuant to the terms of the Debentures and of this Indenture.
(j) If the Corporation elects to satisfy its obligation to pay all or any portion of the principal amount of Debentures due on maturity by issuing Freely Tradeable Common Shares in accordance with this Section 4.9 and if the principal amount (or any portion thereof) to which a holder is entitled is subject to Withholding Taxes and the amount of the cash payment of the principal amount due on maturity, if any, is insufficient to satisfy such Withholding Taxes, the Debenture Trustee, on the Written Direction of the Corporation but for the account of the holder (i) will sell, or cause to be sold, through the investment banks, brokers or dealers specified by the Corporation, out of the Freely Tradeable Common Shares issued by the Corporation for the account of such holder for this purpose, such number of Freely Tradeable Common Shares that together with the cash component of the principal amount due on maturity is sufficient to yield net proceeds (after payment of all costs) to cover the amount of taxes required to be withheld, and (ii) will remit such amount withheld on behalf of the Corporation to the proper tax authorities within the period of time prescribed for this purpose under applicable laws.

(k) Certificates representing Freely Tradeable Common Shares issued in respect of the Common Share Repayment Right may have imprinted or otherwise reproduced thereon such legend or legends or endorsements as may be required to comply with any law or with any rules or regulations pursuant thereto or with any rules or regulations of any securities exchange or securities regulatory authority or to conform to general usage.

(l) Subject to Article 10, interest accrued and unpaid on the Debentures on the Maturity Date will be paid (less applicable Withholding Taxes, if any) to holders of Debentures, in cash, in the manner contemplated in Section 2.10.

4.10 Cancellation of Debentures Redeemed

Subject to the provisions of Sections 4.2 and 4.8 as to Debentures redeemed or purchased in part, all Debentures redeemed and paid under this Article 4 will forthwith be delivered to the Debenture Trustee and cancelled and no Debentures will be issued in substitution therefor.

ARTICLE 5

SUBORDINATION OF DEBENTURES

5.1 Applicability of Article

The indebtedness evidenced by the Debentures issued hereunder which by their terms are subordinate, including the principal thereof and interest thereon, will be subordinate and subject in right of payment, to the extent and in the manner hereinafter set forth in the following sections of this Article 5 to the prior payment in full, of all Senior Indebtedness of the Corporation and each holder of any Debenture by his acceptance thereof agrees to and will be bound by the provisions of this Article 5.
5.2 Order of Payment

Upon any distribution of the assets of the Corporation on any dissolution, winding-up, total liquidation or reorganization of the Corporation (whether in bankruptcy, insolvency or receivership proceedings, or upon an “assignment for the benefit of creditors” or any other marshalling of the assets and liabilities of the Corporation, or otherwise) or any sale of all or substantially all of the assets of the Corporation:

(a) all Senior Indebtedness will first be paid in full, or provision made for such payment, before any payment is made on account of the principal of or interest on the indebtedness evidenced by the Debentures; and

(b) any payment or distribution of assets of the Corporation, whether in cash, property or securities, to which the holders of the Debentures or the Debenture Trustee on behalf of such holders would be entitled except for the provisions of this Article 5, will be paid or delivered by the trustee in bankruptcy, receiver, assignee for the benefit of creditors, or other liquidating agent making such payment or distribution, directly to the holders of Senior Indebtedness or their representative or representatives, or to the trustee or trustees under any indenture pursuant to which any instruments evidencing any of such Senior Indebtedness may have been issued, to the extent necessary to pay all Senior Indebtedness in full after giving effect to any concurrent payment or distribution, or provision therefor, to the holders of such Senior Indebtedness.

5.3 Subrogation to Rights of Holders of Senior Indebtedness

Subject to the payment in full of all Senior Indebtedness, the holders of the Debentures will be subrogated to the rights of the holders of Senior Indebtedness to receive payments or distributions of assets of the Corporation to the extent of the application thereto of such payments or other assets which would have been received by the holders of the Debentures but for the provisions hereof until the principal of and interest on the Debentures has been paid in full, and no such payments or distributions to the holders of the Debentures of cash, property or securities, which otherwise would be payable or distributable to the holders of the Senior Indebtedness, will, as between the Corporation, its creditors other than the holders of Senior Indebtedness, and the holders of Debentures, be deemed to be a payment by the Corporation to the holders of the Senior Indebtedness or on account of the Senior Indebtedness, it being understood that the provisions of this Article 5 are and are intended solely for the purpose of defining the relative rights of the holders of the Debentures, on the one hand, and the holders of Senior Indebtedness, on the other hand.

5.4 Obligation to Pay Not Impaired

Nothing contained in this Article 5 or elsewhere in this Indenture or in the Debentures is intended to impair, as between the Corporation, its creditors other than the holders of Senior Indebtedness, and the holders of the Debentures, the obligation of the Corporation, which is absolute and unconditional, to pay to the holders of the Debentures the principal and interest on the Debentures, as and when the same becomes due and payable in accordance with their terms; or affect the relative rights of the holders of the Debentures and creditors of the Corporation other than the holders of the Senior Indebtedness; or will anything herein or therein prevent the Debenture Trustee or the holder of any Debenture from exercising all remedies otherwise permitted by applicable law upon default under this Indenture, subject to the rights, if any, under this Article 5 of the holders of Senior Indebtedness in respect of cash, property or securities of the Corporation received upon the exercise of any such remedy.
5.5 No Payment if Senior Indebtedness in Default

(a) Upon the maturity of any Senior Indebtedness by lapse of time, acceleration or otherwise, then, all principal of and interest on all such matured Senior Indebtedness will first be paid in full, or will first have been duly provided for, before any payment is made on account of principal of or interest on the Debentures.

(b) In case of default with respect to any Senior Indebtedness permitting the holders thereof to accelerate the maturity thereof, unless and until such default will have been cured or waived or ceased to exist, no payment (by purchase of Debentures or otherwise) will be made by the Corporation with respect to the principal of or interest on the Debentures and neither the Debenture Trustee nor the holders of Debentures will be entitled to demand, institute proceedings for the collection of, or receive any payment or benefit (including without limitation by set-off, combination of accounts, realization of security or otherwise in any manner whatsoever) on account of the Debentures after the happening of such a default (except as provided in Section 5.8), and unless and until such default has been cured or waived or has ceased to exist, such payments will be held in trust for the benefit of, and, if and when such Senior Indebtedness becomes due and payable, will be paid over to, the holders of the Senior Indebtedness or their representative or representatives or to the trustee or trustees under any indenture under which any instruments evidencing an amount of the Senior Indebtedness remaining unpaid until all such Senior Indebtedness has been paid in full, after giving effect to any concurrent payment or distribution to the holders of such Senior Indebtedness.

(c) The fact that any payment hereunder is prohibited by this Section 5.5 will not prevent the failure to make such payment from being an Event of Default hereunder.

5.6 Payment on Debentures Permitted

Nothing contained in this Article 5 or elsewhere in this Indenture, or in any of the Debentures, will affect the obligation of the Corporation to make, or prevent the Corporation from making, at any time except during the pendency of any dissolution, winding up or liquidation of the Corporation or reorganization proceedings specified in Section 5.2 affecting the affairs of the Corporation, any payment of principal of or interest on the Debentures, except that the Corporation will not make any such payment other than as contemplated by this Article 5, if it is in default in payment of any Senior Indebtedness permitting the holder thereof to accelerate the maturity thereof. The fact that any such payment is prohibited by this Section 5.6 will not prevent the failure to make such payment from being an Event of Default hereunder. Nothing contained in this Article 5 or elsewhere in this Indenture, or in any of the Debentures, will prevent the conversion of the Debentures or the application by the Debenture Trustee of any monies deposited with the Debenture Trustee hereunder for the purpose, to the payment of or on account of the principal of or interest on the Debentures.
5.7 Confirmation of Subordination

Each holder of Debentures by its acceptance thereof authorizes and directs the Debenture Trustee on its behalf to take such action, relying on the advice of Counsel, as may be necessary or appropriate to effect the subordination as provided in this Article 5 and appoints the Debenture Trustee its attorney-in-fact for any and all such purposes. Upon request of the Corporation, and upon being furnished an Officer’s Certificate stating that one or more named persons are holders of Senior Indebtedness, or the representative or representatives of such holders, or the trustee or trustees under which any instrument evidencing such Senior Indebtedness may have been issued, and specifying the amount and nature of such Senior Indebtedness, the Debenture Trustee will enter into a written agreement or agreements with the Corporation and the person or persons named in such Officer’s Certificate providing that such person or persons are entitled to all the rights and benefits of this Article 5 as the holder or holders, representative or representatives, or trustee or trustees of the Senior Indebtedness specified in such Officer’s Certificate and in such agreement. Such agreement will be conclusive evidence that the indebtedness specified therein is Senior Indebtedness; however, nothing herein will impair the rights of any holder of Senior Indebtedness who has not entered into such an agreement.

5.8 Knowledge of Debenture Trustee

Notwithstanding the provisions of this Article 5, the Debenture Trustee will not be charged with knowledge of the existence of any fact that would prohibit the making of any payment of monies to or by the Debenture Trustee, or the taking of any other action by the Debenture Trustee, unless and until the Debenture Trustee has received written notice thereof from the Corporation, any Debentureholder or any holder or representative of any class of Senior Indebtedness or on its behalf.

5.9 Debenture Trustee May Hold Senior Indebtedness

The Debenture Trustee is entitled to all the rights set forth in this Article 5 with respect to any Senior Indebtedness at the time held by it, to the same extent as any other holder of Senior Indebtedness, and nothing in this Indenture deprives the Debenture Trustee of any of its rights as such holder.

5.10 Rights of Holders of Senior Indebtedness Not Impaired

No right of any present or future holder of any Senior Indebtedness to enforce the subordination herein will at any time or in any way be prejudiced or impaired by any act or failure to act on the part of the Corporation or by any non-compliance by the Corporation with the terms, provisions and covenants of this Indenture, regardless of any knowledge thereof which any such holder may have or be otherwise charged with.

5.11 Altering the Senior Indebtedness

The holders of the Senior Indebtedness have the right to extend, renew, revise, restate, modify or amend the terms of the Senior Indebtedness or any security therefor and to release, sell or exchange such security and otherwise to deal freely with the Corporation, all without notice to or consent of the Debentureholders or the Debenture Trustee and without affecting the liabilities and obligations of the parties to this Indenture or the Debentureholders or the Debenture Trustee.
5.12 Additional Indebtedness
This Indenture does not restrict the Corporation or any Subsidiary from incurring additional indebtedness, including indebtedness that ranks senior to the Debentures, or mortgaging, pledging or charging its properties to secure any indebtedness.

5.13 Right of Debentureholder to Convert Not Impaired
The subordination of the Debentures to the Senior Indebtedness and the provisions of this Article 5 do not impair in any way the right of a Debentureholder to convert its Debentures pursuant to Article 6.

5.14 Invalidated Payments
In the event that any of the Senior Indebtedness shall be paid in full and subsequently, for whatever reason, such formerly paid or satisfied Senior Indebtedness becomes unpaid or unsatisfied, the terms and conditions of this Article 5 shall be reinstated and the provisions of this Article 5 shall again be operative until all Senior Indebtedness is repaid in full, provided that such reinstatement shall not give the holders of Senior Indebtedness any rights or recourses against the Debenture Trustee or the Debentureholders for amounts paid to the Debentureholders subsequent to such payment or satisfaction in full and prior to such reinstatement.

ARTICLE 6
CONVERSION OF DEBENTURES

6.1 Applicability of Article

(a) Debentures issued hereunder are convertible into Freely Tradeable Common Shares or other securities, at such conversion rate or rates, and on such date or dates and in accordance with such other provisions as have been determined at the time of their issuance, as same may be amended from time to time, in a supplemental indenture.

(b) Such right of conversion will extend only to the maximum number of whole Common Shares into which the aggregate principal amount of the Debenture or Debentures surrendered for conversion at any one time by the holder thereof may be converted. Fractional interests in Common Shares will be dealt with in the manner provided in Section 6.5.

6.2 Revival of Right to Convert
If the redemption of any Debenture called for redemption by the Corporation is not made or the payment of the purchase price of any Debenture which has been tendered in acceptance of an offer by the Corporation to purchase Debentures for cancellation is not made, in the case of a redemption upon due surrender of such Debenture or in the case of a purchase on the date on which such purchase is required to be made, as the case may be, then, the right to convert such Debentures will revive and continue as if such Debenture had not been called for redemption or tendered in acceptance of the Corporation’s offer, respectively.
6.3 Manner of Exercise of Right to Convert

(a) The holder of a Debenture desiring to convert such Debenture in whole or in part into Common Shares will surrender such Debenture to the Debenture Trustee at its principal office in Toronto, Ontario together with the conversion notice in the form attached hereto as Schedule E or any other written notice in a form satisfactory to the Debenture Trustee, in either case duly executed by the holder or his executors or administrators or other legal representatives or his or their attorney duly appointed by an instrument in writing in form and executed in a manner satisfactory to the Debenture Trustee, exercising his right to convert such Debenture in accordance with the provisions of this Article 6; provided that with respect to a Global Debenture, the obligation to surrender a Debenture to the Debenture Trustee will be satisfied if the Debenture Trustee makes notation on the Global Debenture (or in the case of an uncertificated Global Debenture, in accordance with the Debenture Trustee’s Internal Procedures) of the principal amount thereof so converted and the Debenture Trustee is provided with all other documentation which it may reasonably request. Thereupon, the principal of the Debenture shall become due and payable to such Debentureholder and such principal amount shall be discharged and satisfied in full without any further action by the holder or the Corporation by the making of any cash payment required to be made under Section 6.5 and, as to the balance, by being applied as payment in full of the Conversion Price for the number of whole Common Shares into which such Debenture is convertible in accordance with the provisions of this Article 6. Upon such discharge and satisfaction, such Debentureholder or, subject to payment of all applicable stamp or security transfer taxes or other governmental charges and compliance with all reasonable requirements of the Debenture Trustee, his nominee(s) or assignee(s) will be entitled to be entered in the books of the Corporation as at the Business Day immediately after the Date of Conversion (or such later date as is specified in Section 6.3(b)) as the holder of the number of Common Shares into which such Debenture is convertible in accordance with the provisions of this Article 6 and, as soon as practicable thereafter, the Corporation will, as need be, deliver, or cause its transfer agent to deliver to such Debentureholder or, subject as aforesaid, his nominee(s) or assignee(s), a certificate or certificates for such Common Shares and make or cause to be made any payment of interest to which such holder is entitled in accordance with Section 6.3(e) hereof.

(b) For the purposes of this Article 6, a Debenture will be deemed to be surrendered for conversion on the date on which it is so surrendered in accordance with the provisions of this Article 6 or, in the case of a Global Debenture, on the date on which the Debenture Trustee received notice of and all necessary documentation, provided the documentation is received in good order, in respect of the exercise of the conversion rights and, in the case of a Debenture so surrendered by mail or other means of transmission, on the date on which it is received by the Debenture Trustee at its office specified in Section 6.3(a); provided that if a Debenture is surrendered for conversion on a day on which the register of Debentures is closed, the Debentures will be deemed to be surrendered as at the date on which such register is next reopened (in each case, the “Date of Conversion”).
(c) Any part, being $1,000 or an integral multiple thereof, of a Debenture may be converted as provided in this Article 6 and all references in this Indenture to conversion of Debentures will be deemed to include conversion of such part.

(d) Upon a holder of any Debenture exercising the right of conversion in respect of only a part of the Debenture and surrendering such Debenture to the Debenture Trustee, in accordance with Section 6.3(a) the Debenture Trustee will cancel the same and will without charge forthwith certify and deliver to the holder a new Debenture or Debentures in an aggregate principal amount equal to the unconverted part of the principal amount of the Debenture so surrendered or, with respect to a Global Debenture, the Debenture Trustee will make notations on the Global Debenture of the principal amount thereof so converted.

(e) The holder of a Debenture surrendered for conversion in accordance with this Section 6.3 will be entitled to receive accrued and unpaid interest in respect thereof from the last Interest Payment Date prior to conversion (or the date of issue of the Debentures if there has not yet been an Interest Payment Date) to, but excluding, the Date of Conversion and the Common Shares issued upon such conversion will rank only in respect of dividends declared in favour of Shareholders of record on and after the Business Day immediately after the Date of Conversion or such later date as such holder becomes the holder of record of such Common Shares pursuant to Section 6.3(b), from which applicable date they will for all purposes be and be deemed to be issued and outstanding as fully paid and non-assessable Common Shares. Where the Depositary is the registered holder of the Debenture, the Debenture Trustee shall accept delivery of and act upon a Depositary letter of instruction in place of a conversion notice signed by the registered holder, containing all pertinent conversion information and accompanied by a panel for Debenture principal markdown by the Debenture Trustee, or such other documentation submitted by the Depositary which the Debenture Trustee may deem satisfactory to effect the conversion being requested.

(f) In the event of a conversion of Debentures into Freely Tradeable Common Shares where the holder is subject to Withholding Taxes, the Debenture Trustee, on the Written Direction of the Corporation but for the account of the holder, will sell, or cause to be sold through the investment banks, brokers or dealers selected by the Corporation, out of the specified amount of Freely Tradeable Common Shares issued by the Corporation for this purpose, such number of Freely Tradeable Common Shares that together with any cash payment in lieu of fractional Common Shares or interest accrued and payable on the Debentures then converted, if any, is sufficient to yield net proceeds (after payment of all costs) to cover the amount of taxes required to be withheld, and will remit such amount withheld on behalf of the Corporation to the proper tax authorities within the period of time prescribed for this purpose under applicable laws.

(g) Notwithstanding any other provision of this Article 6, no Debenture may be converted during the five Business Day preceding an Interest Payment Date or the Maturity Date.
6.4  Adjustment of Conversion Price

The Conversion Price in effect at any date will be subject to adjustment from time to time as set forth below.

(a) If at any time prior to the Maturity Date the Corporation

(i) subdivides or redivides the outstanding Common Shares into a greater number of Common Shares,

(ii) reduces, combines or consolidates the outstanding Common Shares into a smaller number of Common Shares, or

(iii) issues Common Shares or securities exchangeable or convertible into Common Shares to the holders of all or substantially all of the outstanding Common Shares by way of a dividend or distribution or otherwise (other than the issue of Common Shares to holders of Common Shares who have elected to receive dividend or distributions in the form of Common Shares in lieu of cash dividends or distributions paid in the ordinary course on the Common Shares);

then the Conversion Price in effect on the effective date of such subdivision, redivision, reduction, combination or consolidation or on the record date for such issue of Common Shares by way of a dividend or distribution or otherwise, as the case may be, will, in the case of any of the events referred to in (i) and (iii) above be decreased in proportion to the number of outstanding Common Shares resulting from such subdivision, redivision, or issue by way of dividend or distribution or otherwise; or will, in the case of any of the events referred to in (ii) above, be increased in proportion to the number of outstanding Common Shares resulting from such reduction, combination or consolidation. Such adjustment will be made successively whenever any event referred to in this Section 6.4(a) occurs. Any such issue of Common Shares by way of a dividend or distribution will be deemed to have been made on the record date for the dividend or distribution for the purpose of calculating the number of outstanding Common Shares under subsections (b) and (c) of this Section 6.4.

(b) If at any time prior to the Maturity Date the Corporation fixes a record date for the issuance of options, rights or warrants to all or substantially all the holders of its outstanding Common Shares entitling them, for a period expiring not more than 45 days after such record date, to subscribe for or purchase Common Shares (or securities convertible or exchangeable into Common Shares) at a price per Common Share (or having a conversion or exchange price per Common Share) less than 95% of the Current Market Price of a Common Share on such record date, then the Conversion Price will be adjusted immediately after such record date so that it will equal the price determined by multiplying the Conversion Price in effect on such record date by a fraction, of which the numerator will be the total number of Common Shares outstanding on such record date plus a number of Common Shares equal to the quotient obtained by dividing the aggregate price of the total number of additional Common Shares resulting from such record date by a fraction, of which the numerator will be the total number of Common Shares outstanding on such record date plus a number of Common Shares equal to the quotient obtained by dividing the aggregate price of the total number of additional Common Shares offered for subscription or purchase (or the aggregate conversion or exchange price of the convertible or exchangeable securities so offered) by such Current Market Price per Common Share, and of which the denominator will be the total number of Common Shares outstanding on such record date plus the total number of additional Common Shares offered for subscription or purchase (or into which the convertible securities so offered are convertible or exchangeable). Such adjustment will be made successively whenever such a record date is fixed. To the extent that any such options, rights or warrants are not so issued or any such options, rights or warrants are not exercised prior to the expiration thereof, the Conversion Price will be readjusted to the Conversion Price which would then be in effect if such record date had not been fixed or to the Conversion Price which would then be in effect if only the number of Common Shares (or securities convertible into Common Shares) actually issued upon the exercise of such options, rights or warrants were included in such fraction, as the case may be.
(c) If at any time prior to the Maturity Date the Corporation fixes a record date for the making of a dividend or distribution to all or substantially all the holders of its outstanding Common Shares of (i) Common Shares or other securities of any class other than Common Shares, (ii) rights, options or warrants (excluding, rights, options or warrants entitling the holders thereof for a period of not more than 45 days to subscribe for or purchase Common Shares or securities convertible into Common Shares), (iii) evidences of its indebtedness, or (iv) any property or other assets then, in each such case, the Conversion Price will be adjusted immediately after such record date so that it equals the price determined by multiplying the Conversion Price in effect on such record date by a fraction, of which the numerator is the total number of Common Shares outstanding on such record date multiplied by the Current Market Price per Common Share on such record date, less the fair market value (as determined by the Directors, acting reasonably, which determination will be conclusive) of such Common Shares or rights, options or warrants or evidences of indebtedness or assets or cash actually distributed, and of which the denominator will be the total number of Common Shares outstanding on such record date multiplied by such Current Market Price per Common Share. Such adjustment will be made successively whenever such a record date is fixed. To the extent that such dividend or distribution is not so made, the Conversion Price will be readjusted to the Conversion Price which would then be in effect if such record date had not been fixed or to the Conversion Price which would then be in effect based upon such Common Shares or other securities or rights, options or warrants or evidences of indebtedness or assets actually distributed, as the case may be.

(d) If at any time prior to the Maturity Date, there is a reclassification of the Common Shares or a capital reorganization of the Corporation (other than as described in Section 6.4(a)) or a consolidation, merger, arrangement, acquisition or business combination of the Corporation with or into any other Person or other entity; or a sale or conveyance of the property and assets of the Corporation as an entirety or substantially as an entirety to any other Person or other entity or a liquidation, dissolution or winding-up of the Corporation, or similar transaction, any holder of a Debenture has not exercised its right of conversion prior to the effective date of such reclassification, capital reorganization, consolidation, merger, arrangement, acquisition, business combination, sale or conveyance, liquidation, termination, dissolution, winding-up, or similar transaction, upon the exercise of such right thereafter, will be entitled to receive and will accept, in lieu of the number of Common Shares then sought to be acquired by it, the number of Common Shares or other securities or property of the Corporation or of the Person or other entity resulting from such reclassification, capital reorganization, consolidation, merger, arrangement, acquisition or business combination or to which such sale or conveyance may be made or which holders of Common Shares receive pursuant to such liquidation, termination, dissolution or winding-up, as the case may be, that such holder of a Debenture would have been entitled to receive on such reclassification, capital reorganization, consolidation, merger, arrangement, merger, acquisition, business combination, sale or conveyance or liquidation, termination, dissolution or winding-up, or similar transaction, if on the record date or the effective date thereof, as the case may be, the holder had been the registered holder of the number of Common Shares sought to be acquired by it and to which it was entitled to acquire upon the exercise of the conversion right. If determined appropriate by the Directors to give effect to or to evidence the provisions of this Section 6.4(d), the Corporation, its successor, or such purchasing Person or other entity, as the case may be, will, prior to or contemporaneously with any such reclassification, capital reorganization, consolidation, merger, arrangement, acquisition, business combination, sale or conveyance or liquidation, termination, dissolution or winding-up, or similar transaction, enter into an indenture which provides, to the extent reasonably possible, for the application of the provisions set forth in this Indenture with respect to the rights and interests thereafter of the holder of Debentures to the end that the provisions set forth in this Indenture will thereafter correspondingly be made applicable, as nearly as reasonably possible, with respect to any Common Shares or other securities or property to which a holder of Debentures is entitled on the exercise of its conversion rights thereafter. Any indenture entered into between the Corporation and the Debenture Trustee pursuant to the provisions of this Section 6.4(d) will be a supplemental indenture entered into pursuant to the provisions of Article 16. Any indenture entered into between the Corporation, any successor to the Corporation or such purchasing Person or other entity and the Debenture Trustee will provide for adjustments which will be as nearly equivalent as may be practicable to the adjustments provided in this Section 6.4(d) and which will apply to successive reclassifications, capital reorganizations, consolidations, mergers, arrangements, acquisitions, business combinations, sales or conveyances and to any successive liquidation, termination, dissolution or winding-up, or similar transaction.
(e) In any case in which this Section 6.4 requires that an adjustment will become effective immediately after a record date for an event referred to herein, the Corporation may defer, until the occurrence of such event, issuing to the holder of any Debenture converted after such record date and before the occurrence of such event the additional Common Shares issuable upon such conversion by reason of the adjustment required by such event before giving effect to such adjustment; provided, however, that the Corporation will deliver to such holder an appropriate instrument evidencing such holder’s right to receive such additional Common Shares upon the occurrence of the event requiring such adjustment and the right to receive any dividends paid or distributions made on such additional Common Shares declared in favour of holders of record of Common Shares on and after the Business Day immediately after the Date of Conversion or such later date as such holder would, but for the provisions of this Section 6.4(e), have become the holder of record of such additional Common Shares pursuant to Section 6.3(b).
The adjustments provided for in this Section 6.4 are cumulative and will apply to successive subdivisions, redivisions, reductions, combinations, consolidations, dividends, distributions, issues or other events resulting in any adjustment under the provisions of this Section; provided however that, notwithstanding any other provision of this Section, no adjustment of the Conversion Price will be required unless such adjustment would require an increase or decrease of at least 1% in the Conversion Price then in effect; provided, further, that any adjustments which by reason of this Section 6.4(f) are not required to be made will be carried forward and taken into account in any subsequent adjustment.

For the purpose of calculating the number of Common Shares outstanding, Common Shares owned by or for the benefit of the Corporation will not be counted.

In the event of any question arising with respect to the adjustments provided in this Section 6.4, such question will be conclusively determined by a firm of nationally recognized chartered accountants appointed by the Corporation (who may be the Auditor of the Corporation); such accountants will have access to all necessary records of the Corporation and such determination will be binding upon the Corporation, the Debenture Trustee, and the Debentureholders, absent manifest error.

In case the Corporation takes any action affecting the Common Shares other than action described in this Section 6.4, which in the opinion of the Directors, would materially affect the rights of Debentureholders (including their conversion rights), the Conversion Price and the Common Shares issuable upon conversion of the Debentures will be adjusted in such manner and at such time, by action of the Directors, subject to the prior written consent of the TSXV or such other exchange on which the Debentures and the Common Shares are then listed, as the Directors in their discretion may determine to be equitable in the circumstances. Failure of the Directors to make such an adjustment will be conclusive evidence that they have determined that it is equitable to make no adjustment in the circumstances.

Subject to the prior written consent of the TSXV or such other exchange on which the Debentures may be listed and posted for trading, no adjustment in the Conversion Price will be made in respect of any event described in Sections 6.4(a), 6.4(b) or 6.4(c) other than the events described in 6.4(a)(i) or 6.4(a)(ii) if the holders of the Debentures are entitled to participate in such event on the same terms mutatis mutandis as if they had converted their Debentures prior to the effective date or record date, as the case may be, of such event.

Except as stated above in this Section 6.4, no adjustment will be made in the Conversion Price of any Debenture as a result of the issuance of Common Shares at less than the Current Market Price for such Common Shares on the date of issuance or the then applicable Conversion Price.

6.5 No Requirement to Issue Fractional Common Shares

The Corporation will not be required to issue fractional Common Shares upon the conversion of Debentures pursuant to this Article 6. If more than one Debenture is surrendered for conversion at one time by the same holder, the number of whole Common Shares issuable upon conversion thereof will be computed on the basis of the aggregate principal amount of such Debentures to be converted. If any fractional interest in a Common Share would, except for the provisions of this Section 6.5, be deliverable upon the conversion of any principal amount of Debentures, the Corporation will, in lieu of delivering any certificate representing such fractional interest, make a cash payment to the holder of such Debenture of an amount equal to the fractional interest which would have been issuable multiplied by the Current Market Price of the Common Shares on the Date of Conversion (less applicable Withholding Taxes, if any).
6.6 Corporation to Reserve Common Shares

The Corporation covenants with the Debenture Trustee that it will at all times reserve and keep available out of its authorized Common Shares, solely for the purpose of issue upon conversion of Debentures as provided in this Article 6, and conditionally allot to Debentureholders who may exercise their conversion rights hereunder, such number of Common Shares as will then be issuable upon the conversion of all outstanding Debentures. The Corporation covenants with the Debenture Trustee that all Common Shares which will be so issuable will be duly and validly issued as fully-paid and non-assessable.

6.7 Cancellation of Converted Debentures

Subject to the provisions of Section 6.3 as to Debentures converted in part, all Debentures converted in whole or in part under the provisions of this Article 6 will be forthwith delivered to and cancelled by the Debenture Trustee and no Debenture will be issued in substitution therefor.

6.8 Certificate as to Adjustment

The Corporation will, from time to time immediately after the occurrence of any event which requires an adjustment or readjustment as provided in Section 6.4, deliver an Officer’s Certificate to the Debenture Trustee specifying the nature of the event requiring the same and the amount of the adjustment necessitated thereby and setting forth in reasonable detail the method of calculation and the facts upon which such calculation is based. Until such Officer’s Certificate is received by the Debenture Trustee, the Debenture Trustee may act and be protected in acting on the presumption that no adjustment has been made or is required. The Corporation will, except in respect of any subdivision, redivision, reduction, combination or consolidation of the Common Shares, forthwith give notice to the Debentureholders in the manner provided in Section 14.2 specifying the event requiring such adjustment or readjustment and the results thereof, including the resulting Conversion Price; provided that if the Corporation has given notice under Section 6.9 covering all the relevant facts in respect of such event, no such notice need be given under this Section 6.8.

6.9 Notice of Special Matters

The Corporation covenants with the Debenture Trustee that so long as any Debenture remains outstanding, it will give notice to the Debenture Trustee, and to the Debentureholders in the manner provided in Section 14.2 and 14.3, of its intention to fix a record date for any event referred to in Section 6.4(a), 6.4(b) or 6.4(c) (other than a subdivision, redivision, reduction, combination or consolidation of its Common Shares) which may give rise to an adjustment in the Conversion Price, and, in each case, such notice will specify the particulars of such event and the record date and the effective date for such event; provided that the Corporation will only be required to specify in such notice such particulars of such event as has been fixed and determined on the date on which such notice is given. Such notice will be given not less than 14 days in each case prior to such applicable record date.
6.10 Protection of Debenture Trustee

Subject to Section 15.3, the Debenture Trustee:

(a) will not at any time be under any duty or responsibility to any Debentureholder to determine whether any facts exist which may require any adjustment in the Conversion Price, or with respect to the nature or extent of any such adjustment when made, or with respect to the method employed in making the same;

(b) will not be accountable with respect to the validity or value (or the kind or amount) of any Common Shares or of any Common Shares or other securities or property which may at any time be issued or delivered upon the conversion of any Debenture; and

(c) will not be responsible for any failure of the Corporation to make any cash payment or to issue, transfer or deliver Common Shares or Common Share certificates upon the surrender of any Debenture for the purpose of conversion, or to comply with any of the covenants contained in this Article 6.

(d) The Debenture Trustee may rely upon all certificates and other documents filed by the Corporation pursuant to this Article for all purposes of the adjustment.

ARTICLE 7
COVENANTS OF THE CORPORATION

The Corporation hereby covenants and agrees with the Debenture Trustee for the benefit of the Debenture Trustee and the Debentureholders, that so long as any Debentures remain outstanding.

7.1 To Pay Principal, Premium (if any) and Interest

The Corporation will duly and punctually pay or cause to be paid to every Debentureholder the principal of, premium (if any) and interest accrued on the Debentures of which such Debentureholder is the holder on the dates, at the places and in the manner mentioned herein and in the Debentures.

7.2 To Pay Debenture Trustee’s Remuneration

The Corporation will pay the Debenture Trustee reasonable remuneration for its services as Debenture Trustee hereunder and will pay or reimburse the Debenture Trustee on demand all reasonable expenses and monies which have been paid by the Debenture Trustee in connection with the execution of the trusts hereby created (including the reasonable compensation and disbursements of its Counsel and all other assistants and advisors not regularly in its employ) and such monies including the Debenture Trustee’s remuneration, will be payable out of any funds coming into the possession of the Debenture Trustee in priority to payment of any principal of and premium (if any) of the Debentures or interest thereon. Such remuneration will continue to be payable until the trusts hereof be finally wound up and whether or not the trusts of this Indenture are in the course of administration by or under the direction of a court of competent jurisdiction.
7.3 **To Give Notice of an Event of Default**

The Corporation will notify the Debenture Trustee immediately upon obtaining knowledge of any Event of Default hereunder.

7.4 **Preservation of Existence, etc.**

Subject to the express provisions hereof, including Article 11, the Corporation will carry on and conduct its activities and business, and cause its Subsidiaries to carry on and conduct their businesses, in a proper, efficient and business-like manner and in accordance with good business practices; and, subject to the express provisions hereof, including Article 11, it will do or cause to be done all things necessary to preserve and keep in full force and effect its and its Subsidiaries respective existences and rights.

7.5 **Keeping of Books**

The Corporation will keep or cause to be kept proper books of record and account, in which full and correct entries will be made of all financial transactions and the assets and business of the Corporation in accordance with generally accepted accounting principles then applicable to the Corporation.

7.6 **Annual Certificate of Compliance**

The Corporation will deliver to the Debenture Trustee, within 140 days after the end of each calendar year, an Officer’s Certificate as to the knowledge of such Director or officer of the Corporation who executes the Officer’s Certificate of the Corporation’s compliance with all conditions and covenants of this Indenture certifying that after reasonable investigation and inquiry, the Corporation has complied with all covenants, conditions or other requirements contained in this Indenture, the non-compliance with which could, with the giving of notice, lapse of time or otherwise, constitute an Event of Default hereunder, or if such is not the case, setting forth with reasonable particulars any steps taken or proposed to be taken to remedy such Event of Default.

7.7 **Performance of Covenants of Debenture Trustee**

If the Corporation fails to perform any of its covenants contained in this Indenture, then the Debenture Trustee may notify the Debentureholders of such failure on the part of the Corporation or may itself perform any of the covenants capable of being performed by it, but (subject to Sections 8.2 and 15.3) will be under no obligation to do so or to notify the Debentureholders. All sums so expended or advanced by the Debenture Trustee will be repayable as provided in Section 7.2. No such performance, expenditure or advance by the Debenture Trustee will be deemed to relieve the Corporation of any default hereunder.

7.8 **Reporting Issuer and Listing Status**

The Corporation will use commercially reasonable efforts to ensure that the Common Shares are listed and posted for trading on the TSXV or such other exchange on which the Common Shares are listed and posted for trading, to maintain such listing and posting for trading of the Common Shares on the TSXV or such other exchange on which the Common Shares are listed and posted for trading, and to maintain the Corporation’s status as a “reporting issuer not in default” under Applicable Securities Legislation and, subject to and in compliance with, reporting obligations under either Section 13 or Section 15(d) of the United States Securities Exchange Act of 1934, as amended; provided that the foregoing covenant shall not prevent or restrict the Corporation from carrying out a transaction to which Section 2.2(k) or Article 11 would apply if carried out in compliance with Section 2.2(k) or Article 11, respectively, even if as a result of such transaction the Common Shares or the Debentures, as the case may be, cease to be listed on the TSXV or another stock exchange recognized by relevant securities regulatory authorities or the Corporation ceases to be a “reporting issuer”.

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7.9 Maximum Amount of Debentures

The Corporation will ensure that the Debentures issued hereunder together with any other securities issued by the Corporation under an indenture in reliance upon the exemption afforded in Section 304(a)(9) of the United States Trust Indenture Act of 1939, as amended, within the same period of thirty six (36) consecutive months as any Debenture issued hereunder shall not exceed more than $10,000,000 in aggregate principal.

ARTICLE 8
DEFAULT

8.1 Events of Default

Each of the following events constitutes, and is herein sometimes referred to as, an “Event of Default”:

(a) failure for 30 days to pay interest on the Debentures when due;

(b) failure to pay principal or premium, if any, on the Debentures when due whether at maturity, upon redemption, by declaration or otherwise (whether such payment is due in cash, Common Shares or other securities or property or a combination thereof);

(c) default in the delivery, when due, of all cash and any Common Shares or other consideration, payable on conversion with respect to the Debentures, and the continuance of any such default for 15 days;

(d) if a decree or order of a Court having jurisdiction is entered adjudging the Corporation a bankrupt or insolvent under the Bankruptcy and Insolvency Act (Canada) or any other bankruptcy, insolvency or analogous laws, or issuing sequestration or process of execution against, or against any substantial part of, the property of the Corporation, or appointing a receiver of, or of any substantial part of, the property of the Corporation or ordering the winding-up or liquidation of its affairs, and any such decree or order continues unstayed and in effect for a period of 60 days;

(e) if the Corporation institutes proceedings to be adjudicated a bankrupt or insolvent, or consents to the institution of bankruptcy or insolvency proceedings against it under the Bankruptcy and Insolvency Act (Canada) or any other bankruptcy, insolvency or analogous laws, or consents to the filing of any such petition or to the appointment of a receiver of, or of any substantial part of, the property of the Corporation or makes a general assignment for the benefit of creditors, or admits in writing its inability to pay its debts generally as they become due;
if a resolution is passed for the winding-up or liquidation of the Corporation, except in the course of carrying out or pursuant to a transaction in respect of which the conditions of Section 11.1 are duly observed and performed;

if, after the date of this Indenture, any proceedings with respect to the Corporation are taken with respect to a compromise or arrangement, with respect to creditors of the Corporation generally, under the applicable legislation of any jurisdiction; or

default in the observance or performance of any covenant contained in this Indenture by the Corporation and failure to cure (or obtain a waiver for) such default for a period of 30 days after notice in writing has been given by the Debenture Trustee or a holder of not less than 25% of the aggregate principal amount of the Debentures to the Corporation specifying such default and requiring the Corporation to remedy (or obtain a waiver for) such default.

In each and every such event the Debenture Trustee may, in its discretion, but subject to the provisions of this Section, and will, upon receipt of a request in writing signed by the holders of not less than 25% in principal amount of the Debentures then outstanding, and prior funding and indemnification to its satisfaction, subject to the provisions of Section 8.3, by notice in writing to the Corporation, declare the principal of and interest on all Debentures then outstanding and all other monies outstanding hereunder to be due and payable and the same will forthwith become immediately due and payable to the Debenture Trustee, and the Corporation will forthwith pay to the Debenture Trustee for the benefit of the Debentureholders such principal, accrued and unpaid interest and interest on amounts in default on such Debentures and all other monies outstanding hereunder, together with subsequent interest at the rate borne by the Debentures on such principal, interest and such other monies from the date of such declaration until payment is received by the Debenture Trustee, such subsequent interest to be payable at the times and places and in the monies mentioned in and according to the tenor of the Debentures. Such payment when made will be deemed to have been made in discharge of the Corporation’s obligations hereunder and any monies so received by the Debenture Trustee will be applied in the manner provided in Section 8.6.

8.2 Notice of Events of Default

If an Event of Default occurs and is continuing the Debenture Trustee will, within 30 days after it receives written notice of the occurrence of such Event of Default, give notice of such Event of Default to the Debentureholders in the manner provided in Section 14.2, provided that notwithstanding the foregoing, unless the Debenture Trustee has been requested to do so by the holders of not less than 25% of the principal amount of the Debentures then outstanding, the Debenture Trustee will not be required to give such notice.

8.3 Waiver of Default

Upon the happening of any Event of Default hereunder:

(a) the holders of the Debentures will have the power (in addition to the powers exercisable by Extraordinary Resolution as hereinafter provided) by requisition in writing by the holders of more than 50% of the principal amount of Debentures then outstanding, to instruct the Debenture Trustee to waive any Event of Default and to cancel any declaration made by the Debenture Trustee pursuant to Section 8.1 and the Debenture Trustee will thereupon waive the Event of Default and cancel such declaration, or either, upon such terms and conditions as will be prescribed in such requisition; and
the Debenture Trustee, so long as it has not become bound to declare the principal and interest on the Debentures then outstanding to be due and payable, or to obtain or enforce payment of the same, will have power to waive any Event of Default if, the same has been cured or adequate satisfaction made therefor, and in such event to cancel any such declaration theretofore made by the Debenture Trustee in the exercise of its discretion, upon such terms and conditions as the Debenture Trustee may deem advisable.

No such act or omission either of the Debenture Trustee or of the Debentureholders will extend to or be taken in any manner whatsoever to affect any subsequent Event of Default or the rights resulting therefrom.

8.4 Enforcement by the Debenture Trustee

(a) Subject to the provisions of Section 8.3 and to the provisions of any Extraordinary Resolution that may be passed by the Debentureholders, if the Corporation fails to pay to the Debenture Trustee, forthwith after the same has been declared to be due and payable under Section 8.1, the principal of and premium (if any) and interest on all Debentures then outstanding, together with any other amounts due hereunder, the Debenture Trustee may in its discretion and will upon receipt of a request in writing signed by the holders of not less than 25% in principal amount of the Debentures then outstanding and upon being funded and indemnified to its reasonable satisfaction against all costs, expenses and liabilities to be incurred, proceed in its name as trustee hereunder to obtain or enforce payment of such principal of and premium (if any) and interest on all the Debentures then outstanding together with any other amounts due hereunder by such proceedings authorized by this Indenture or by law or equity as the Debenture Trustee in such request will have been directed to take, or if such request contains no such direction, or if the Debenture Trustee acts without such request, then by such proceedings authorized by this Indenture or by suit at law or in equity as the Debenture Trustee deems expedient.

(b) The Debenture Trustee will be entitled and empowered, either in its own name or as Debenture Trustee of an express trust, or as mandatory for the holders of the Debentures, or in any one or more of such capacities, to file such proof of debt, amendment of proof of debt, claim, petition or other document as may be necessary or advisable in order to have the claims of the Debenture Trustee and of the holders of the Debentures allowed in any insolvency, bankruptcy, liquidation, arrangement or other judicial proceedings relative to the Corporation or its creditors or relative to or affecting its property. The Debenture Trustee is hereby irrevocably appointed (and the successive respective holders of the Debentures by taking and holding the same will be conclusively deemed to have so appointed the Debenture Trustee) the true and lawful mandatory of the respective holders of the Debentures with authority to make and file in the respective names of the holders of the Debentures or on behalf of the holders of the Debentures as a class, subject to deduction from any such claims of the amounts of any claims filed by any of the holders of the Debentures themselves, any proof of debt, amendment of proof of debt, claim, petition or other document in any such proceedings and to receive payment of any sums becoming distributable on account thereof, and to execute any such other papers and documents and to do and perform any and all such acts and things for and on behalf of such holders of the Debentures, as may be necessary or advisable in the opinion of the Debenture Trustee, in order to have the respective claims of the Debenture Trustee and of the holders of the Debentures against the Corporation or its property allowed in any such proceeding, and to receive payment of or on account of such claims; provided, however, that subject to Section 8.3, nothing contained in this Indenture will be deemed to give to the Debenture Trustee, unless so authorized by Extraordinary Resolution, any right to accept or consent to any plan of reorganization, arrangement or otherwise by action of any character in such proceeding to waive or change in any way any right of any Debentureholder.
(c) The Debenture Trustee will also have the power at any time and from time to time to institute and maintain such suits and proceedings as it may be advised are necessary or advisable to preserve and protect its interests and the interests of the Debentureholders.

(d) All rights of action hereunder may be enforced by the Debenture Trustee without the possession of any of the Debentures or the production thereof on the trial or other proceedings relating thereto. Any such suit or proceeding instituted by the Debenture Trustee will be brought in the name of the Debenture Trustee as trustee of an express trust, and any recovery of judgment will be for the rateable benefit of the holders of the Debentures subject to the provisions of this Indenture. In any proceeding brought by the Debenture Trustee (and also any proceeding in which a declaratory judgment of a court may be sought as to the interpretation or construction of any provision of this Indenture, to which the Debenture Trustee will be a party) the Debenture Trustee will be held to represent all the holders of the Debentures, and it will not be necessary to make any holders of the Debentures parties to any such proceeding.

8.5 No Suits by Debentureholders

No holder of any Debenture will have any right to institute any action, suit or proceeding at law or in equity for the purpose of enforcing payment of the principal of or interest on the Debentures or for the execution of any trust or power hereunder or for the appointment of a liquidator or receiver or for a receiving order under the Bankruptcy and Insolvency Act (Canada) or to have the Corporation wound up or to file or prove a claim in any liquidation or bankruptcy proceeding or for any other remedy hereunder, unless: (a) such holder has previously given to the Debenture Trustee written notice of the happening of an Event of Default hereunder; and (b) the Debentureholders by Extraordinary Resolution or by written instrument signed by the holders of at least 25% in principal amount of the Debentures then outstanding have made a request to the Debenture Trustee and the Debenture Trustee has been afforded reasonable opportunity either itself to proceed to exercise the powers hereinbefore granted or to institute an action, suit or proceeding in its name for such purpose; and (c) the Debentureholders or any of them has furnished to the Debenture Trustee, when so requested by the Debenture Trustee, sufficient funds and security and indemnity satisfactory to it against the costs, expenses and liabilities to be incurred therein or thereby; and (d) the Debenture Trustee has failed to act within a reasonable time after such notification, request and offer of indemnity and such notification, request and offer of indemnity are hereby declared in every such case, at the option of the Debenture Trustee, to be conditions precedent to any such proceeding or for any other remedy hereunder by or on behalf of the holder of any Debentures.
8.6 Application of Monies by Debenture Trustee

(a) Except as herein otherwise expressly provided, any monies received by the Debenture Trustee from the Corporation pursuant to the foregoing provisions of this Article 8, or as a result of legal or other proceedings or from any trustee in bankruptcy or liquidator of the Corporation, will be applied, together with any other monies in the hands of the Debenture Trustee available for such purpose, as follows:

(i) first, in payment or in reimbursement to the Debenture Trustee of its compensation, costs, charges, expenses, borrowings, advances or other monies furnished or provided by or at the instance of the Debenture Trustee in or about the execution of its trusts under, or otherwise in relation to, this Indenture, with interest thereon as herein provided;

(ii) second, but subject as hereinafter in this Section 8.6 provided, in payment, rateably and proportionately to (and in the case of applicable Withholding Taxes, if any, on behalf of) the holders of Debentures, of the principal of and premium (if any) and accrued and unpaid interest and interest on amounts in default on the Debentures which will then be outstanding in the priority of principal first and then premium and then accrued and unpaid interest and interest on amounts in default unless otherwise directed by Extraordinary Resolution and in that case in such order or priority as between principal, premium (if any) and interest as may be directed by such resolution; and

(iii) third, in payment of the surplus, if any, of such monies to the Corporation or its assigns.

provided, however, that no payment will be made pursuant to clause (ii) above in respect of the principal, premium or interest on any Debenture held, directly or indirectly, by or for the benefit of the Corporation or any Subsidiary (other than any Debenture pledged for value and in good faith to a person other than the Corporation or any Subsidiary but only to the extent of such person’s interest therein) except subject to the prior payment in full of the principal, premium (if any) and interest (if any) on all Debentures which are not so held.

(b) The Debenture Trustee will not be bound to apply or make any partial or interim payment of any monies coming into its hands if the amount so received by it, after reserving thereout such amount as the Debenture Trustee may think necessary to provide for the payments mentioned in Section 8.6(a)(i), is insufficient to make a distribution of at least 2% of the aggregate principal amount of the outstanding Debentures, but it may retain the money so received by it and invest or deposit the same as provided for in Section 15.9 until the money or the investments representing the same, with the income derived therefrom, together with any other monies for the time being under its control will be sufficient for the said purpose or until it considers it advisable to apply the same in the manner hereinbefore set forth. The foregoing will, however, not apply to a final payment in distribution hereunder.
8.7 Notice of Payment by Debenture Trustee

Not less than 15 days’ notice will be given in the manner provided in Section 14.2 by the Debenture Trustee to the Debentureholders of any payment to be made under this Article 8. Such notice will state the time when and place where such payment is to be made and also the liability under this Indenture to which it is to be applied. After the day so fixed, unless payment has been duly demanded and has been refused, the Debentureholders will be entitled to interest only on the balance (if any) of the principal monies, premium (if any) and interest due (if any) to them, respectively, on the Debentures (less applicable Withholding Taxes, if any), after deduction of the respective amounts payable in respect thereof on the day so fixed.

8.8 Debenture Trustee May Demand Production of Debentures

The Debenture Trustee will have the right to demand production of the Debentures in respect of which any payment of principal, interest or premium required by this Article 8 is made and may cause to be endorsed on the same a memorandum of the amount so paid and the date of payment, but the Debenture Trustee may, in its discretion, dispense with such production and endorsement, upon such indemnity being given to it and to the Corporation as the Debenture Trustee deems sufficient.

8.9 Remedies Cumulative

No remedy herein conferred upon or reserved to the Debenture Trustee, or upon or to the holders of Debentures is intended to be exclusive of any other remedy, but each and every such remedy will be cumulative and will be in addition to every other remedy given hereunder or now existing or hereafter to exist by law or by statute.

8.10 Judgment Against the Corporation

The Corporation covenants and agrees with the Debenture Trustee that, in case of any judicial or other proceedings to enforce the rights of the Debentureholders, judgment may be rendered against it in favour of the Debentureholders or in favour of the Debenture Trustee, as trustee for the Debentureholders, for any amount which may remain due in respect of the Debentures and premium (if any) and the interest thereon and any other monies owing hereunder.

8.11 Immunity of Directors and Others

The Debentureholders and the Debenture Trustee hereby waive and release any right, cause of action or remedy now or hereafter existing in any jurisdiction against any past, present or future officer, Director or holder of Common Shares or of any successor, in each case in such capacity, for the payment of the principal of or premium or interest on any of the Debentures or on any covenant, agreement, representation or warranty by the Corporation herein or in the Debentures contained.
ARTICLE 9
SATISFACTION AND DISCHARGE

9.1 Cancellation and Destruction

All Debentures will forthwith after payment thereof be delivered to the Debenture Trustee and cancelled by it. All Debentures cancelled or required to be cancelled under this or any other provision of this Indenture will be cancelled by the Debenture Trustee and, if required by the Corporation, the Debenture Trustee will furnish to it a cancellation certificate setting out the designating numbers of the Debentures so cancelled.

9.2 Non-Presentation of Debentures

In case the holder of any Debenture fails to present the same for payment on the date on which the principal, premium (if any) or the interest thereon or represented thereby becomes payable either at maturity or otherwise or does not accept payment on account thereof and give such receipt therefor, if any, as the Debenture Trustee may require:

(a) the Corporation will be entitled to pay or deliver to the Debenture Trustee and direct it to set aside; or

(b) in respect of monies or Common Shares in the hands of the Debenture Trustee which may or should be applied to the payment of the Debentures, the Corporation will be entitled to direct the Debenture Trustee to set aside; or

(c) if the redemption was pursuant to notice given by the Debenture Trustee, the Debenture Trustee may itself set aside.

the principal, premium (if any) or the interest, as the case may be, in trust to be paid to the holder of such Debenture upon due presentation or surrender thereof in accordance with the provisions of this Indenture; and thereupon the principal, premium (if any) or the interest payable on or represented by each Debenture in respect whereof such monies or Common Shares, if applicable, have been set aside will be deemed to have been paid and the holder thereof will thereafter have no right in respect thereof except that of receiving delivery and payment of the monies or Common Shares, if applicable, (less applicable Withholding Taxes, if any) so set aside by the Debenture Trustee upon due presentation and surrender thereof, subject always to the provisions of Section 9.3.

9.3 Repayment of Unclaimed Monies or Common Shares

Subject to applicable law, any monies or Common Shares, if applicable, set aside under Section 9.2 and not claimed by and paid to holders of Debentures as provided in Section 9.2 within six years after the date of such setting aside will be repaid and delivered to the Corporation, upon written request, by the Debenture Trustee and thereupon the Debenture Trustee will be released from all further liability with respect to such monies or Common Shares, if applicable, and thereafter the holders of the Debentures in respect of which such monies or Common Shares, if applicable, were so repaid to the Corporation will have no rights in respect thereof except to obtain payment and delivery of the monies or Common Shares, if applicable, from the Corporation.
9.4 Discharge

The Debenture Trustee will at the written request of the Corporation release and discharge this Indenture and execute and deliver such instruments as it is advised by Counsel are requisite for that purpose and to release the Corporation from its covenants herein contained (other than the provisions relating to the indemnification of the Debenture Trustee), upon proof being given to the reasonable satisfaction of the Debenture Trustee that the principal and premium (if any) of and interest (including interest on amounts in default, if any), on all the Debentures and all other monies payable hereunder have been paid or satisfied or that all the Debentures having matured or having been duly called for redemption, payment of the principal of and interest (including interest on amounts in default, if any) on such Debentures and of all other monies payable hereunder has been duly and effectually provided for in accordance with the provisions hereof.

9.5 Satisfaction

(a) The Corporation will be deemed to have fully paid, satisfied and discharged (a “defeasance”) all of the outstanding Debentures and the Debenture Trustee, at the expense of the Corporation, will execute and deliver proper instruments acknowledging the full payment, satisfaction and discharge of such Debentures, when, with respect to all of the outstanding Debentures:

(i) the Corporation has deposited or caused to be deposited with the Debenture Trustee as trust funds or property in trust for the purpose of making payment on such Debentures, an amount in money or Common Shares, if applicable, sufficient to pay, satisfy and discharge the entire amount of principal, premium, if any, and interest, if any, to maturity or any repayment date, Redemption Date, Change of Control Purchase Date or upon any conversion or otherwise, as the case may be, of such Debentures; or

(ii) the Corporation has deposited or caused to be deposited with the Debenture Trustee as property in trust for the purpose of making payment on such Debentures:

(A) if all of such Debentures are issued in Canadian dollars, such amount in Canadian dollars of direct obligations of, or obligations the principal and interest of which are guaranteed by, the Government of Canada; or

(B) if any of such Debentures are issued in a currency or currency unit other than Canadian dollars, cash in the currency(ies) or currency unit(s) in which such Debentures are payable and/or such amount in such currency(ies) or currency unit(s) of direct obligations of, or obligations the principal and interest of which are guaranteed by, the Government of Canada or the government that issued the currency or currency unit in which such Debentures are payable, as the case may be;

as will, together with the income to accrue thereon and reinvestment thereof, be sufficient to pay and discharge the entire amount of principal and accrued and unpaid interest to maturity or any repayment date, as the case may be, of all such Debentures; and in either event:
the Corporation has paid, caused to be paid or made provisions to the satisfaction of the Debenture Trustee for the payment of all other sums payable with respect to all of such Debentures (together with all applicable expenses of the Debenture Trustee in connection with the payment of such Debentures);

the Corporation has delivered to the Debenture Trustee either (A) an opinion of Counsel in Canada reasonably acceptable to the Debenture Trustee to the effect that, based upon Canadian law then in effect (and also taking into account any proposed amendments to Canadian law which, if enacted in the form proposed, would have retroactive effect), the beneficial owners of the Debentures will not recognize income, gain or loss for Canadian federal, provincial or territorial or other tax purposes, as a result of the defeasance and will be subject to Canadian taxes on the same amounts and in the same manner and at the same time as would have been the case if such defeasance had not occurred or (B) a ruling directed to the Debenture Trustee received from tax authorities of Canada to the same effect as the opinion of Counsel described in clause (A) above;

the Corporation has delivered to the Debenture Trustee an Officer’s Certificate stating that all conditions precedent herein provided relating to the payment, satisfaction and discharge of all such Debentures have been complied with and the defeasance payment was not made by the Corporation with the intent of preferring the Debentureholders over the other creditors of the Corporation or with the intent of defeating, hindering, delaying or defrauding creditors of the Corporation or others; and

no Event of Default shall have occurred and be continuing on the date of the defeasance payment.

Any deposits with the Debenture Trustee referred to in this Section 9.5 will be irrevocable, subject to Section 9.6, and will be made under the terms of an escrow and/or trust agreement in form and substance satisfactory to the Debenture Trustee and which provides for the due and punctual payment of the principal of, and interest and premium, if any, on the Debentures being satisfied.

Upon the satisfaction of the conditions set forth in this Section 9.5 with respect to all the outstanding Debentures, the terms and conditions of the Debentures, including the terms and conditions with respect thereto set forth in this Indenture (other than those contained in Article 2, Article 3, Article 4, Article 6, Article 9, Section 8.4 and the provisions of Article 1 pertaining to the foregoing provisions) will no longer be binding upon or applicable to the Corporation.
(c) Any funds or obligations deposited with the Debenture Trustee pursuant to this Section 9.5 will be denominated in the currency or denomination of the Debentures in respect of which such deposit is made.

(d) If the Debenture Trustee is unable to apply any money or securities in accordance with this Section 9.5 by reason of any legal proceeding or any order or judgment of any court or governmental authority enjoining, restraining or otherwise prohibiting such application, the Corporation’s obligations under this Indenture and the affected Debentures will be revived and reinstated as though no money or securities had been deposited pursuant to this Section 9.5 until such time as the Debenture Trustee is permitted to apply all such money or securities in accordance with this Section 9.5, provided that if the Corporation has made any payment in respect of principal, premium or interest on Debentures or, as applicable, other amounts because of the reinstatement of its obligations, the Corporation will be subrogated to the rights of the holders of such Debentures to receive such payment from the money or securities held by the Debenture Trustee.

9.6 Continuance of Rights, Duties and Obligations

(a) Where trust funds or trust property have been deposited pursuant to Section 9.5, the holders of Debentures and the Corporation will continue to have and be subject to their respective rights, duties and obligations under Article 2, Article 3, Article 4, Article 6, Article 9, Section 8.4 and the provisions of Article 1 pertaining to the foregoing provisions, as may be applicable.

(b) In the event that, after the deposit of trust funds or trust property pursuant to Section 9.5 in respect of Debentures (the “Defeased Debentures”), any holder of any of the Defeased Debentures from time to time converts its Debentures to Common Shares or other securities of the Corporation in accordance with Section 2.2(f), Article 6 or any other provision of this Indenture, the Debenture Trustee will, upon receipt of a Written Direction of the Corporation, return to the Corporation from time to time the proportionate amount of the trust funds or other trust property deposited with the Debenture Trustee pursuant to Section 9.5 in respect of the Defeased Debentures which is applicable to the Defeased Debentures so converted (which amount will be based on the applicable principal amount of the Defeased Debentures being converted in relation to the aggregate outstanding principal amount of all the Defeased Debentures).

(c) In the event that, after the deposit of trust funds or trust property pursuant to Section 9.5, the Corporation is required to purchase any outstanding Debentures pursuant to Section 2.2(k), the Corporation will be entitled to use any trust money or trust property deposited with the Debenture Trustee pursuant to Section 9.5 for the purpose of paying to any holders of Defeased Debentures who have accepted any such offer of the Corporation the Offer Price payable to such holders in respect of such offer to purchase the Debentures. Upon receipt of a Written Direction of the Corporation, the Debenture Trustee will be entitled to pay to such holder from such trust money or trust property deposited with the Debenture Trustee pursuant to Section 9.5 in respect of the Defeased Debentures which is applicable to the Defeased Debentures held by such holders who have accepted any such offer from the Corporation (which amount will be based on the applicable principal amount of the Defeased Debentures held by holders that accept any such offer in relation to the aggregate outstanding principal amount of all the Defeased Debentures).
ARTICLE 10
COMMON SHARE INTEREST PAYMENT ELECTION

10.1 Common Share Interest Payment Election

(a) The Corporation may, at its sole option, elect to satisfy its obligation to pay on an Interest Payment Date the interest then payable on account of all, but not less than all, of the Debentures by delivering to the holders and the Debenture Trustee not less than 15 days and not more than 30 days prior notice to the Interest Payment Date (the “Common Share Interest Payment Election Notice”) and, on the Interest Payment Date, for each $40 of semi-annual interest amount, by issuing and delivering to holders that number of Freely Tradeable, fully paid and non-assessable Common Shares obtained by dividing each $40 of interest amount by the market price of the Common Shares (as defined by the policies of the TSXV) on the date before the public announcement by the Corporation of its intention to satisfy its Interest Obligation in Common Shares (the “Common Share Interest Payment Election”).

(b) The Corporation’s right to make a Common Share Interest Payment Election shall be conditional upon the following conditions being met on the Business Day immediately preceding the Interest Payment Date:

(i) the Common Shares to be issued on exercise of the Common Share Interest Payment Election shall be issued from treasury of the Corporation and shall be Freely Tradeable and fully paid and non-assessable;

(ii) the listing or quotation of such Common Shares on the TSXV or any successor exchange on which the Common Shares are listed for trading;

(iii) the Corporation being a reporting issuer or the equivalent in good standing or equivalent under Applicable Securities Legislation in the Provinces of Canada in which the Debentures have been distributed on the date of their issuance;

(iv) no Event of Default shall have occurred and be continuing;

(v) the receipt by the Debenture Trustee of an Officers’ Certificate stating that conditions (i), (ii), (iii) and (iv) above have been satisfied and setting forth the number of Shares to be delivered for each $40 of interest amount and the Current Market Price of the Shares on the date before the public announcement by the Corporation of its intention to satisfy its Interest Obligation in Common Shares; and

(vi) the receipt by the Debenture Trustee (which shall distribute to any Holder who so requests) of an opinion of counsel to the effect that such Common Shares have been duly authorized and, when issued and delivered pursuant to the terms of this Indenture in payment of the Interest Obligation, will be validly issued as fully paid and non-assessable, and that conditions (i) and (ii) above have been satisfied.
If the foregoing conditions are not satisfied by the close of business on the Business Day preceding the Interest Payment Date, the Corporation shall pay in cash the interest that would otherwise have been satisfied in Common Shares, unless the Debentureholders waive the conditions which are not satisfied or extends the time by which the Corporation is to satisfy such conditions by way of Extraordinary Resolution.

(c) In the event that the Corporation exercises a Common Share Interest Payment Election, the Corporation shall on the relevant Interest Payment Date deliver to the Debenture Trustee the Common Shares and, if applicable, the cash payable in connection therewith.

(d) No fractional Common Shares shall be delivered upon the exercise of a Common Share Interest Payment Election but, in lieu thereof, the Corporation shall pay to the Debenture Trustee for the account of the holders the cash equivalent thereof determined on the basis of the Current Market Price of the Common Shares on the date before the public announcement by the Corporation of its intention to satisfy its Interest Obligation in Common Shares.

(e) A holder shall be treated as the shareholder of record of the Common Shares issued on due exercise by the Corporation of its Common Share Interest Payment Election effective immediately after the close of business on the Interest Payment Date, and shall be entitled to all substitutions therefor, all income earned thereon or accretions thereto and all dividends or distributions (including stock dividends and dividends in kind) thereon and arising thereafter.

(f) The Corporation shall at all times reserve and keep available out of its authorized Common Shares (if the number thereof is or becomes limited) solely for the purpose of issue and delivery upon the exercise of a Common Share Interest Payment Election as provided herein, and shall issue to Debentureholders to whom Common Shares will be issued pursuant to the exercise of a Common Share Interest Payment Election, such number of Common Shares as shall be issuable in such event.

(g) The Corporation shall comply with all Applicable Securities Legislation regulating the issue and delivery of Freely Tradeable Common Shares upon exercise of a Common Share Interest Payment Election, shall obtain any regulatory approval in respect thereof as may be required pursuant to Applicable Securities Legislation and shall cause to be listed and posted for trading such Common Shares as provided in Section 10.1(b)(ii).

(h) If the Corporation elects to satisfy its obligation to pay the interest by issuing Common Shares pursuant to a Common Share Interest Payment Election and the delivery of Common Shares to which a holder is entitled is subject to Withholding Tax, each Debentureholder shall duly satisfy the requirements imposed under Section 2.11 and the Corporation shall thereafter attend to the remittance of such Withholding Tax pursuant to Section 2.11.
ARTICLE 11
SUCCESSORS

11.1 Restrictions on Merger and Sale of Certain Assets, etc.

Subject to the provisions of Article 12, the Corporation will not enter into any transaction or series of transactions whereby all or substantially all of its undertaking, property or assets would become the property of any other Person (herein called a “Successor”) whether by way of reorganization, consolidation, arrangement, merger, acquisition, transfer, sale or otherwise, unless:

(a) prior to or contemporaneously with the consummation of such transaction the Corporation and the Successor have executed such instruments and done such things as, in the opinion of Counsel, are necessary or advisable to establish that upon the consummation of such transaction:

(i) the Successor will have assumed all the covenants and obligations of the Corporation under this Indenture in respect of the Debentures;

(ii) the Debentures will be valid and binding obligations of the Successor entitling the holders thereof, as against the Successor, to all the rights of Debentureholders under this Indenture; and

(iii) in the case of an entity organized otherwise than under the laws of the Province of Québec, will attorn with respect to the Indenture to the jurisdiction of the courts of the Province of Québec.

(b) no condition or event will exist as to the Corporation (at the time of such transaction) or the Successor (immediately after such transaction) and after giving full effect thereto or immediately after the Successor becomes liable to pay the principal monies, premium, if any, interest and other monies due or which may become due hereunder, which constitutes or would constitute an Event of Default hereunder.

11.2 Vesting of Powers in Successor

Whenever the conditions of Section 11.1 have been duly observed and performed, any Successor formed by or resulting from such transaction will succeed to, and be substituted for, and may exercise every right and power of the Corporation under this Indenture with the same effect as though the Successor had been named as the Corporation herein and thereafter, except in the case of a lease or other similar disposition of property to the Successor, the Corporation will be relieved of all obligations and covenants under this Indenture other than provisions for the indemnity of the Debenture Trustee for anything occurring prior to the completion of the succession transaction, and the Debentures forthwith upon the Corporation delivering to the Debenture Trustee an opinion of Counsel to the effect that the transaction will not result in any material adverse tax consequences to the Corporation or the Successor. The Debenture Trustee will, at the expense of the Successor, execute any documents which it may be advised by Counsel are necessary or advisable for effecting or evidencing such release and discharge.
ARTICLE 12
COMPULSORY ACQUISITION

12.1 Definitions In this Article 12:

(a) "Affiliate" and "Associate" have the same respective meanings set forth in the Securities Act (Québec);

(b) "Dissenting Debentureholders" means a Debentureholder who does not accept an Offer referred to in Section 12.2 and includes any assignee of the Debenture of a Debentureholder to whom such an Offer is made, whether or not such assignee is recognized under this Indenture;

(c) "Offer" means an offer to acquire outstanding Debentures;

(d) "offer to acquire" has the meaning attributed to such term in MI 62-104;

(e) "Offeror" means a person, or two or more persons acting jointly or in concert, who make an offer to acquire Debentures;

(f) "Offeror’s Debentures" means Debentures beneficially owned, or over which control or direction is exercised, on the date of an Offer by the Offeror, any Affiliate or Associate of the Offeror or any person or company acting jointly or in concert with the Offeror; and

(g) "Offeror’s Notice" means the notice described in Section 12.3.

(h) "Regulation 62-104" means Regulation 62-104 - Take-Over Bids and Issuer Bids;

12.2 Offer for Debentures

If an Offer for all of the outstanding Debentures (other than Debentures held by or on behalf of the Offeror or an Affiliate or Associate of the Offeror) is made and:

(a) within the time provided in the Offer for its acceptance or within 60 days after the date the Offer is made, whichever period is the shorter, the Offer is accepted by Debentureholders representing at least 90% of the outstanding principal amount of the Debentures, other than the Offeror’s Debentures;

(b) the Offeror has taken up and paid for the Debentures of the Debentureholders who accepted the Offer; and

(c) the Offeror complies with Sections 12.3 and 12.5;

the Offeror is entitled to acquire, and the Dissenting Debentureholders are required to sell to the Offeror, the Debentures held by the Dissenting Debentureholders for the same consideration per Debenture payable or paid, as the case may be, under the Offer.

12.3 Offeror’s Notice to Dissenting Debentureholders

Where an Offeror is entitled to acquire Debentures held by Dissenting Debentureholders pursuant to Section 12.2 and the Offeror wishes to exercise such right, the Offeror will send by registered mail within 30 days after the date of termination of the Offer a notice (the “Offeror’s Notice”) to each Dissenting Debentureholder stating that:
(a) Debentureholders holding at least 90% of the principal amount of all outstanding Debentures, other than Offeror’s Debentures, have accepted the Offer;

(b) the Offeror has taken up and paid for, the Debentures of the Debentureholders who accepted the Offer;

(c) Dissenting Debentureholders will transfer their respective Debentures to the Offeror on the terms on which the Offeror acquired the Debentures of the Debentureholders who accepted the Offer within 21 days after the date of the sending of the Offeror’s Notice; and

(d) Dissenting Debentureholders will send their respective Debenture certificate(s) to the Debenture Trustee within 21 days after the date of the sending of the Offeror’s Notice.

12.4 Delivery of Debenture Certificates

A Dissenting Debentureholder to whom an Offeror’s Notice is sent pursuant to Section 12.3 will, within 21 days after the sending of the Offeror’s Notice, send his or her Debenture certificate(s) to the Debenture Trustee duly endorsed for transfer.

12.5 Payment of Consideration to Debenture Trustee

Within 21 days after the Offeror sends an Offeror’s Notice pursuant to Section 12.3, the Offeror will pay or transfer to the Debenture Trustee, or to such other person as the Debenture Trustee may direct, the cash or other consideration that is payable to Dissenting Debentureholders pursuant to Section 12.2. The acquisition by the Offeror of all Debentures held by all Dissenting Debentureholders will be effective as of the time of such payment or transfer.

12.6 Consideration to be held in Trust

The Debenture Trustee, or the person directed by the Debenture Trustee, will hold in trust for the Dissenting Debentureholders the cash or other consideration they or it receives under Section 12.5. The Debenture Trustee, or such persons, will deposit cash in a separate account in a Canadian chartered bank, or other body corporate, any of whose deposits are insured by the Canada Deposit Insurance Corporation, and will place other consideration in the custody of a Canadian chartered bank or such other body corporate.

12.7 Completion of Transfer of Debentures to Offeror

Within 30 days after the date of the sending of an Offeror’s Notice pursuant to Section 12.3, the Debenture Trustee, if the Offeror has complied with Section 12.5, will:

(a) do all acts and things and execute and cause to be executed all instruments as in the Debenture Trustee’s opinion may be necessary or desirable to cause the transfer of the Debentures of the Dissenting Debentureholders to the Offeror;
send to each Dissenting Debentureholder who has complied with Section 12.4 the consideration to which such Dissenting Debentureholder is entitled under this Article 12 (less applicable Withholding Taxes, if any); and

send to each Dissenting Debentureholder who has not complied with Section 12.4 a notice stating that:

(i) his or her Debentures have been transferred to the Offeror;

(ii) the Debenture Trustee or some other person designated in such notice are holding in trust the consideration for such Debentures; and

(iii) the Debenture Trustee, or such other person, will send the consideration to such Dissenting Debentureholder as soon as possible after receiving such Dissenting Debentureholder’ s Debenture certificate(s) or such other documents as the Debenture Trustee or such other person may require in lieu thereof.

and the Debenture Trustee is hereby appointed the agent and mandatory, and is granted power of attorney of the Dissenting Debentureholders for the purposes of giving effect to the foregoing provisions including, without limitation, the power and authority to execute such transfers as may be necessary or desirable in respect of the book-entry only registration system of the Depositary.

12.8 Communication of Offer to Trust

An Offeror cannot make an Offer for Debentures unless, concurrent with the communication of the Offer to any Debentureholder, a copy of the Offer is provided to the Corporation and the Debenture Trustee.

ARTICLE 13
MEETINGS OF DEBENTUREHOLDERS

13.1 Right to Convene Meeting

The Debenture Trustee or the Corporation may at any time, and from time to time, and the Debenture Trustee will, on receipt of a written request of the Corporation or a written request signed by the holders of not less than 25% of the principal amount of the Debentures then outstanding and upon receiving funding and being indemnified to its reasonable satisfaction by the Corporation or by the Debentureholders signing such request against the costs which may be incurred in connection with the calling and holding of such meeting, convene a meeting of the Debentureholders. In the event of the Debenture Trustee failing, within 30 days after receipt of any such request and such funding of indemnity, to give notice convening a meeting, the Corporation or such Debentureholders, as the case may be, may convene such meeting. Every such meeting will be held in the City of Montréal or at such other place as may be approved or determined by the Debenture Trustee.

13.2 Notice of Meetings

At least 21 days’ notice of any meeting will be given to the Debentureholders in the manner provided in Section 14.2 and a copy of such notice will be sent by mail to the Debenture Trustee, unless the meeting has been called by it. Such notice will state the time when and the place where the meeting is to be held and will state briefly the general nature of the business to be transacted thereat and it will not be necessary for any such notice to set out the terms of any resolution to be proposed or any of the provisions of this Article 13. The accidental omission to give notice of a meeting to any holder of Debentures will not invalidate any resolution passed at any such meeting. A holder may waive notice of a meeting either before or after the meeting.
13.3 Chair

Some person, who need not be a Debentureholder, nominated in writing by the Debenture Trustee will be chair of the meeting and if no person is so nominated, or if the person so nominated is not present within 15 minutes from the time fixed for the holding of the meeting, a majority of the Debentureholders present in person or by proxy will choose some person present to be chairman.

13.4 Quorum

Subject to the provisions of Section 13.12, at any meeting of the Debentureholders a quorum consists of Debentureholders present in person or by proxy and representing at least 25% in principal amount of the outstanding Debentures. If a quorum of the Debentureholders is not present within 30 minutes from the time fixed for holding any meeting, the meeting, if summoned by the Debentureholders or pursuant to a request of the Debentureholders, will be dissolved, but in any other case the meeting will be adjourned to the same day in the next week (unless such day is not a Business Day in which case it will be adjourned to the next following Business Day thereafter) at the same time and place and no notice will be required to be given in respect of such adjourned meeting. At the adjourned meeting, the Debentureholders present in person or by proxy will, subject to the provisions of Section 13.12, constitute a quorum and may transact the business for which the meeting was originally convened notwithstanding that they may not represent 25% of the principal amount of the outstanding Debentures. Any business may be brought before or dealt with at an adjourned meeting which might have been brought before or dealt with at the original meeting in accordance with the notice calling the same. No business will be transacted at any meeting unless the required quorum is present at the commencement of business.

13.5 Power to Adjourn

The chair of any meeting at which a quorum of the Debentureholders is present may, with the consent of the holders of a majority in principal amount of the Debentures represented thereat, adjourn any such meeting and no notice of such adjournment need be given except such notice, if any, as the meeting may prescribe.

13.6 Show of Hands

Every question submitted to a meeting will, subject to Section 13.7, be decided in the first place by a majority of the votes given on a show of hands except for votes on Extraordinary Resolutions which will be given in the manner hereinafter provided. At any such meeting, unless a poll is duly demanded as herein provided, a declaration by the chairman that a resolution has been carried or carried unanimously or by a particular majority or lost or not carried by a particular majority will be conclusive evidence of the fact. The chair of any meeting is entitled, both on a show of hands and on a poll, to vote in respect of the Debentures, if any, held by him.
13.7 Poll

On every Extraordinary Resolution, and on any other question submitted to a meeting when demanded by the chairman or by one or more Debentureholders or proxies for Debentureholders, a poll will be taken in such manner and either at once or after an adjournment as the chairman directs. Questions other than Extraordinary Resolutions will, if a poll be taken, be decided by the votes of the holders of a majority in principal amount of the Debentures represented at the meeting and voted on the poll.

13.8 Voting

On a show of hands every person who is present and entitled to vote, whether as a Debentureholder or as proxy for one or more Debentureholders or both, will have one vote. On a poll each Debentureholder present in person or represented by a proxy duly appointed by an instrument in writing will be entitled to one vote in respect of each $1,000 principal amount of Debentures of which he will then be the holder. A proxy need not be a Debentureholder. In the case of joint holders of a Debenture, any one of them present in person or by proxy at the meeting may vote in the absence of the other or others but in case more than one of them be present in person or by proxy, they will vote together in respect of the Debentures of which they are joint holders.

13.9 Proxies

A Debentureholder may be present and vote at any meeting of Debentureholders through an authorized representative. The Corporation (in case it convenes the meeting) or the Debenture Trustee (in any other case) for the purpose of enabling the Debentureholders to be present and vote at any meeting without producing their Debentures, and of enabling them to be present and vote at any such meeting by proxy and of lodging instruments appointing such proxies at some place other than the place where the meeting is to be held, may from time to time make and vary such regulations as it thinks fit providing for and governing any or all of the following matters:

(a) the form of the instrument appointing a proxy, which will be in writing, and the manner in which the same is executed and the production of the authority of any person signing on behalf of a Debentureholder;

(b) the deposit of instruments appointing proxies at such place as the Debenture Trustee, the Corporation or the Debentureholder convening the meeting, as the case may be, may, in the notice convening the meeting, direct and the time, if any, before the holding of the meeting or any adjournment thereof by which the same will be deposited; and

(c) the deposit of instruments appointing proxies at some approved place or places other than the place at which the meeting is to be held and enabling particulars of such instruments appointing proxies to be mailed, faxed, or sent by other electronic means before the meeting to the Corporation or to the Debenture Trustee at the place where the same is to be held and for the voting of proxies so deposited as though the instruments themselves were produced at the meeting.

Any regulations so made will be binding and effective and the votes given in accordance therewith will be valid and will be counted. Save as such regulations may provide and subject to Section 13.10 below, the only persons who will be recognized at any meeting as the holders of any Debentures, or as entitled to vote or be present at the meeting in respect thereof, will be Debentureholders and persons whom Debentureholders have by instrument in writing duly appointed as their proxies.
13.10 Persons Entitled to Attend Meetings

The Corporation and the Debenture Trustee, by their respective officers and Directors, the Auditor of the Corporation and the legal advisers of the Corporation, the Debenture Trustee or any Debentureholder may attend any meeting of the Debentureholders, but will have no vote as such.

13.11 Powers Exercisable by Extraordinary Resolution

In addition to the powers conferred upon them by any other provisions of this Indenture or by law, a meeting of the Debentureholders will have the following powers exercisable from time to time by Extraordinary Resolution, subject in the case of the matters in paragraphs (a), (b), (c), (d) and (l) to receipt of the prior approval of the TSXV (if applicable) or such other exchange on which the Debentures are then listed:

(a) power to authorize the Debenture Trustee to grant extensions of time for payment of any principal, premium or interest on the Debentures, whether or not the principal, premium, or interest, the payment of which is extended, is at the time due or overdue;

(b) power to sanction any modification, abrogation, alteration, compromise or arrangement of the rights of the Debentureholders or the Debenture Trustee (provided that the Debenture Trustee shall have given its prior written consent thereto) against the Corporation, or against its property, whether such rights arise under this Indenture or the Debentures or otherwise;

(c) power to assent to any modification of or change in or addition to or omission from the provisions contained in this Indenture or any Debenture which will be agreed to by the Corporation and to authorize the Debenture Trustee to concur in and execute any indenture supplemental hereto embodying any modification, change, addition or omission;

(d) power to sanction any scheme for the reconstruction, reorganization or recapitalization of the Corporation or for the consolidation or merger of the Corporation with any other Person or for the sale, leasing, transfer or other disposition of all or substantially all of the undertaking, property and assets of the Corporation or any part thereof, provided that no such sanction will be necessary in respect of any such transaction if the provisions of Section 11.1 have been complied with;

(e) power to direct or authorize the Debenture Trustee to exercise any power, right, remedy or authority given to it by this Indenture in any manner specified in any such Extraordinary Resolution or to refrain from exercising any such power, right, remedy or authority;
subject to Section 8.2, power to waive, and direct the Debenture Trustee to waive, any default hereunder and/or cancel any declaration made by the Debenture Trustee pursuant to Section 8.1 either unconditionally or upon any condition specified in such Extraordinary Resolution;

g) power to restrain any Debentureholder from taking or instituting any suit, action or proceeding permitted by Section 8.5 for the purpose of enforcing payment of the principal, premium or interest on the Debentures, or for the execution of any trust or power hereunder;

h) power to direct any Debentureholder who, as such, has brought any action, suit or proceeding to stay or discontinue or otherwise deal with the same upon payment, if the taking of such suit, action or proceeding is permitted by Section 8.5, of the costs, charges and expenses reasonably and properly incurred by such Debentureholder in connection therewith;

i) power to assent to any compromise or arrangement with any creditor or creditors or any class or classes of creditors, whether secured or otherwise, and with holders of any Common Shares or other securities of the Corporation;

j) power to appoint a committee with power and authority (subject to such limitations, if any, as may be prescribed in the resolution) to exercise, and to direct the Debenture Trustee to exercise, on behalf of the Debentureholders, such of the powers of the Debentureholders as are exercisable by Extraordinary Resolution or other resolution as will be included in the resolution appointing the committee. The resolution making such appointment may provide for payment of the expenses and disbursements of and compensation to such committee. Such committee will consist of such number of persons as prescribed in the resolution appointing it and the members need not be themselves Debentureholders. Every such committee may elect its chairman and may make regulations respecting its quorum, the calling of its meetings, the filling of vacancies occurring in its number and its procedure generally. Such regulations may provide that the committee may act at a meeting at which a quorum is present or may act by minutes signed by the number of members thereof necessary to constitute a quorum. All acts of any such committee within the authority delegated to it will be binding upon all Debentureholders. Neither the committee nor any member thereof will be liable for any loss arising from or in connection with any action taken or omitted to be taken by them in good faith;

k) power to remove the Debenture Trustee from office and to appoint a new Debenture Trustee provided that no such removal will be effective unless and until a new Debenture Trustee has become bound by this Indenture;

l) power to sanction the exchange of the Debentures for or the conversion thereof into Common Shares, bonds, debentures or other securities or obligations of the Corporation or of any other Person formed or to be formed;

m) power to authorize the distribution in specie of any Common Shares or securities received pursuant to a transaction authorized under the provisions of Section 13.11(l); and
power to amend, alter or repeal any Extraordinary Resolution previously passed or sanctioned by the Debentureholders or by any committee appointed pursuant to Section 13.11(l).

13.12 Meaning of “Extraordinary Resolution”

(a) The expression “Extraordinary Resolution” when used in this Indenture means, subject as hereinafter in this Article 13 provided, a resolution proposed to be passed as an Extraordinary Resolution at a meeting of Debentureholders (including an adjourned meeting) duly convened for the purpose and held in accordance with the provisions of this Article 13 at which the holders of not less than 25% of the principal amount of the Debentures then outstanding are present in person or by proxy, and passed by the holders of not less than 66⅔% of the principal amount of the Debentures at the meeting and voted upon on a poll on such resolution.

(b) If, at any such meeting, the holders of not less than 25% of the principal amount of the Debentures then outstanding are not present in person or by proxy within 30 minutes after the time appointed for the meeting, then the meeting, if convened by or on the requisition of Debentureholders, will be dissolved, but in any other case it shall be adjourned to the same day in the next week (unless such day is not a Business Day in which case it will be adjourned to the next following Business Day thereafter) at the same time and place and no notice will be required to be given in respect of such adjourned meeting. At the adjourned meeting the Debentureholders present in person or by proxy will form a quorum and may transact the business for which the meeting was originally convened and a resolution proposed at such adjourned meeting and passed thereat by the affirmative vote of holders of not less than 66⅔% of the principal amount of the Debentures present or represented by proxy at the meeting and voted upon on a poll will be an Extraordinary Resolution within the meaning of this Indenture, notwithstanding that the holders of not less than 25% in principal amount of the Debentures then outstanding are not present in person or by proxy at such adjourned meeting.

(c) Votes on an Extraordinary Resolution will always be given on a poll and no demand for a poll on an Extraordinary Resolution is necessary.

13.13 Powers Cumulative

Any one or more of the powers in this Indenture stated to be exercisable by the Debentureholders by Extraordinary Resolution or otherwise may be exercised from time to time and the exercise of any one or more of such powers from time to time will not be deemed to exhaust the rights of the Debentureholders to exercise the same or any other such power or powers thereafter from time to time.

13.14 Minutes

Minutes of all resolutions and proceedings at every meeting as aforesaid will be made and duly entered in books to be from time to time provided for that purpose by the Corporation, and any such minutes as aforesaid, if signed by the chairman of the meeting at which such resolutions were passed or proceedings had, or by the chairman of the next succeeding meeting of the Debentureholders, will be prima facie evidence of the matters therein stated and, until the contrary is proved, every such meeting, in respect of the proceedings of which minutes have been made, will be deemed to have been duly held and convened, and all resolutions passed thereat or proceedings taken thereat to have been duly passed and taken.
13.15 Instruments in Writing

All actions which may be taken and all powers that may be exercised by the Debentureholders at a meeting, held as hereinbefore in this Article 13 provided, may also be taken and exercised by the holders of the requisite principal amount of all the outstanding Debentures by instrument in writing signed in one or more counterparts and the expression “resolution”, or “Extraordinary Resolution”, as the case may be, when used in this Indenture includes an instrument so signed.

13.16 Binding Effect of Resolutions

Every resolution and every Extraordinary Resolution passed in accordance with the provisions of this Article 13 at a meeting of Debentureholders will be binding upon all the Debentureholders, whether present at or absent from such meeting, and every instrument in writing signed by Debentureholders in accordance with Section 13.15 will be binding upon all the Debentureholders, whether signatories thereto or not, and each and every Debentureholder and the Debenture Trustee (subject to the provisions for its indemnity herein contained) will be bound to give effect accordingly to every such resolution, Extraordinary Resolution and instrument in writing.

13.17 Evidence of Rights of Debentureholders

(a) Any request, direction, notice, consent or other instrument which this Indenture may require or permit to be signed or executed by the Debentureholders may be in any number of concurrent instruments of similar tenor signed or executed by such Debentureholders.

(b) The Debenture Trustee may, in its discretion, require proof of execution in cases where it deems proof desirable and may accept such proof as it considers proper.

ARTICLE 14
NOTICES

14.1 Notice to the Corporation

(a) Any notice to the Corporation under the provisions of this Indenture will be valid and effective, if delivered or sent via facsimile to the Corporation at 6240 Abrams, Ville Saint-Laurent, QC H4S 1Y2, Attention: Corporate Secretary, Facsimile No.: 514-331-0436, and copies delivered to McCarthy Tétrault LLP, 1000 De La Gauchetière Street West, Suite 2500, Montréal, QC H4B 0A2, Attention: Clemens Mayr, Facsimile No.: 514-875-6246, or if given by registered letter, postage prepaid, to such offices and so addressed and if mailed, will be deemed to have been effectively given three days following the mailing thereof. The Corporation may from time to time notify the Debenture Trustee in writing of a change of address which thereafter, until changed by like notice, will be the address of the Corporation for all purposes of this Indenture.
(b) If by reason of any interruption of mail service, actual or threatened, any notice to be given to the Corporation would reasonably be unlikely to reach its destination by the time notice by mail is deemed to have been given pursuant to this Section 14.1, such notice will be valid and effective only if delivered or sent via facsimile in accordance with this Section 14.1.

14.2 Notice to Debentureholders

(a) All notices to be given hereunder with respect to the Debentures will be deemed to be validly given to the holders thereof if sent by first class mail, postage prepaid, by letter or circular addressed to such holders at their post office addresses appearing in any of the registers hereinbefore mentioned with a copy to the Debenture Trustee and will be deemed to have been effectively given three days following the day of mailing. Accidental error or omission in giving notice or accidental failure to mail notice to any Debentureholder or the inability of the Corporation to give or mail any notice due to anything beyond the reasonable control of the Corporation will not invalidate any action or proceeding founded thereon.

(b) If any notice given in accordance with the foregoing paragraph would be unlikely to reach the Debentureholders to whom it is addressed in the ordinary course of post by reason of an interruption in mail service, whether at the place of dispatch or receipt or both, the Corporation will give such notice by publication at least once in an English language daily newspaper of general circulation in Canada.

(c) Any notice given to Debentureholders by publication will be deemed to have been given on the day on which publication has been effected at least once in each of the newspapers in which publication was required.

(d) All notices with respect to any Debenture may be given to whichever one of the holders thereof (if more than one) is named first in the registers hereinbefore mentioned, and any notice so given will be sufficient notice to all holders of any persons interested in such Debenture.

14.3 Notice to Debenture Trustee

Any notice to the Debenture Trustee under the provisions of this Indenture will be valid and effective if delivered to the Debenture Trustee at its office in the City of Toronto at TSX Trust Company, 200 University Avenue, Suite 300, Toronto, Ontario M5H 4H1, Attention: Vice President, Trust Services or if sent by facsimile to facsimile number 416-361-0470, Attention: Manager, Corporate Trust, or if given by registered letter, postage prepaid, to such office and so addressed and, if mailed, will be deemed to have been effectively given three days following the mailing thereof. The Debenture Trustee may from time to time notify the Corporation in writing of a change of address which thereafter, until changed by like notice, will be the address of the Debenture Trustee for all purposes of this Indenture.

14.4 Mail Service Interruption

If by reason of any interruption of mail service, actual or threatened, any notice to be given to the Debenture Trustee would reasonably be unlikely to reach its destination by the time notice by mail is deemed to have been given pursuant to Section 14.3 such notice will be valid and effective only if delivered at the appropriate address in accordance with Section 14.3.
ARTICLE 15
CONCERNING THE DEBENTURE TRUSTEE

15.1 No Conflict of Interest

The Debenture Trustee represents to the Corporation that at the date of execution and delivery by it of this Indenture, there exists no material conflict of interest in the role of the Debenture Trustee as a fiduciary hereunder but if, notwithstanding the provisions of this Section 15.1, such a material conflict of interest exists, or hereafter arises, the validity and enforceability of this Indenture, and the Debentures issued hereunder, will not be affected in any manner whatsoever by reason only that such material conflict of interest exists or arises but the Debenture Trustee will, within 90 days after ascertaining that it has a material conflict of interest, either eliminate such material conflict of interest or resign in the manner and with the effect specified in Section 15.2.

15.2 Replacement of Debenture Trustee

(a) The Debenture Trustee may resign its trust and be discharged from all further duties and liabilities hereunder by giving to the Corporation 60 days’ notice in writing or such shorter notice as the Corporation may accept as sufficient. In the event of the Debenture Trustee resigning or being removed or being dissolved, becoming bankrupt, going into liquidation or otherwise becoming incapable of acting hereunder, the Corporation will forthwith appoint a new Debenture Trustee unless a new Debenture Trustee has already been appointed by the Debentureholders. Failing such appointment by the Corporation, the retiring Debenture Trustee or any Debentureholder may apply to a judge of the Superior Court of Justice, Commercial List on such notice as such judge may direct at the Corporation’s expense, for the appointment of a new Debenture Trustee but any new Debenture Trustee so appointed by the Corporation or by the Court will be subject to removal as aforesaid by the Debentureholders and the appointment of such new Debenture Trustee will be effective only upon such new Debenture Trustee becoming bound by this Indenture. Any new Debenture Trustee appointed under any provision of this Section 15.2 will be a Corporation authorized to carry on the business of a trust company in all of the Provinces of Canada. On any new appointment the new Debenture Trustee will be vested with the same powers, rights, duties, and responsibilities as if it had been originally named herein as Debenture Trustee.

(b) Any company into which the Debenture Trustee may be merged or, with or to which it may be consolidated, amalgamated or sold, or any company resulting from any merger, consolidation, sale or amalgamation to which the Debenture Trustee will be a party, or any company succeeding to the corporate trust business of the Debenture Trustee will be the successor Debenture Trustee under this Indenture without the execution of any instrument or any further act. Nevertheless, upon the written request of the successor Debenture Trustee or of the Corporation, the Debenture Trustee ceasing to act will, on receipt of all its outstanding fees and disbursements, execute and deliver an instrument assigning and transferring to such successor Debenture Trustee, upon the terms herein expressed, all the rights, powers and trusts of the Debenture Trustee so ceasing to act, and will duly assign, transfer and deliver all property and money held by such Debenture Trustee to the successor Debenture Trustee so appointed in its place. Should any deed, conveyance or instrument in writing from the Corporation be required by any new Debenture Trustee for more fully and certainly vesting in and confirming to it such estates, properties, rights, powers and trusts, then any and all such deeds, conveyances and instruments in writing will on request of said new Debenture Trustee, be made, executed, acknowledged and delivered by the Corporation.
15.3 Duties of Debenture Trustee

In the exercise of the rights, duties and obligations prescribed or conferred by the terms of this Indenture, the Debenture Trustee will act honestly and in good faith and exercise that degree of care, diligence and skill that a reasonably prudent trustee would exercise in comparable circumstances. The Debenture Trustee shall not be liable for the failure of third parties to provide documents or other information in a timely manner. No duty shall rest with the Debenture Trustee to determine compliance of any transferor or transferee with applicable securities laws. The Debenture Trustee shall be entitled to assume that all transfers are legal and proper.

The Corporation acknowledges that the Debenture Trustee assumes no responsibility for compliance by the Corporation or by the Debenture Trustee with the laws of the United States including without limitation the corporate, securities or tax laws applicable to the Corporation (collectively, the “Corporation’s Laws”); and the Corporation agrees that all matters pertaining to the rights and duties of the Debenture Trustee as the transfer agent, registrar and disbursing agent of the Corporation hereunder shall be determined in accordance with the laws of the Province of Quebec (other than its conflict of laws rules) and the federal laws of Canada applicable therein (“Quebec Law”) and without regard to the Corporation’s Laws, unless the Corporation’s Laws are of mandatory application to such matters, in which case the Corporation’s Laws shall govern only to the extent of such mandatory application. In the event that the Corporation’s Laws are of mandatory application, the Corporation covenants to promptly provide the Debenture Trustee with an opinion of Counsel describing such mandatory application.

Without limiting the generality of the foregoing, except as hereinbefore provided, the Corporation agrees that the rights and duties of the Debenture Trustee with respect to the registration of transfer of Debentures, the duty of the Debenture Trustee to register a transfer of Debentures and the assurances that the Trustee may require (including signature guarantees) that each necessary endorsement on a Debenture certificate is genuine and authorized shall in each case be governed by the applicable provisions of an Act respecting the transfer of Securities and the establishment of security entitlements (Québec), as in effect from time to time.

The Debenture Trustee shall not be liable for or by reason of any statements of fact or recitals in this Indenture or the Debenture certificates (except the representation contained in Section 15.1 or in the certificate of the Indenture Trustee on the Debenture certificates) or be required to verify the same, but all such statements or recitals are and shall be deemed to be made by the Corporation.

Nothing herein contained shall impose any obligation on the Debenture Trustee to see to or to require evidence of the registration or filing (or renewal thereof) of this Indenture or any instrument ancillary or supplemental hereto.
The Debenture Trustee is not to be appointed receiver or receiver manager of the assets of the Corporation.

15.4 Reliance Upon Declarations, Opinions, etc.

In the exercise of its rights, duties and obligations hereunder the Debenture Trustee may, if acting in good faith, rely, as to the truth of the statements and accuracy of the opinions expressed therein, upon statutory declarations, opinions, reports or certificates furnished pursuant to any covenant, condition or requirement of this Indenture or required by the Debenture Trustee to be furnished to it in the exercise of its rights and duties hereunder, if the Debenture Trustee examines such statutory declarations, opinions, reports or certificates and determines that they comply with Section 15.5, if applicable, and with any other applicable requirements of this Indenture. The Debenture Trustee may nevertheless, in its discretion, require further proof in cases where it deems further proof desirable. Without restricting the foregoing, the Debenture Trustee may rely on an opinion of Counsel satisfactory to the Debenture Trustee notwithstanding that it is delivered by a firm which acts as solicitors for the Corporation. Proof of the execution of an instrument in writing by any Debentureholder may be made by the certificate of a notary, solicitor or commissioner for oaths, or other officer with similar powers, that the person signing such instrument acknowledged to him the execution thereof, or by an affidavit of a witness to such execution or in any other manner which the Indenture Trustee may consider adequate and in respect of a corporate Debentureholder, shall include a certificate of incumbency of such Debentureholder together with a certified resolution authorizing the person who signs such instrument to sign such instrument.

15.5 Evidence and Authority to Debenture Trustee, Opinions, etc.

The Corporation will furnish to the Debenture Trustee evidence of compliance with the conditions precedent provided for in this Indenture relating to any action or step required or permitted to be taken by the Corporation or the Debenture Trustee under this Indenture or as a result of any obligation imposed under this Indenture, including without limitation, the certification and delivery of Debentures hereunder, the satisfaction and discharge of this Indenture and the taking of any other action to be taken by the Debenture Trustee at the request of or on the application of the Corporation, forthwith if and when (a) such evidence is required by any other Section of this Indenture to be furnished to the Debenture Trustee in accordance with the terms of this Section 15.5, or (b) the Debenture Trustee, in the exercise of its rights and duties under this Indenture, gives the Corporation written notice requiring it to furnish such evidence in relation to any particular action or obligation specified in such notice.

Such evidence will consist of:

(a) a certificate made by any one officer or Director of the Corporation, stating that any such condition precedent has been complied with in accordance with the terms of this Indenture;

(b) in the case of a condition precedent compliance with which is, by the terms of this Indenture, made subject to review or examination by a solicitor, an opinion of Counsel that such condition precedent has been complied with in accordance with the terms of this Indenture; and

(c) in the case of any such condition precedent compliance with which is subject to review or examination by auditors or accountants, an opinion or report of the Auditor of the Corporation whom the Debenture Trustee for such purposes hereby approves, that such condition precedent has been complied with in accordance with the terms of this Indenture.
Whenever such evidence relates to a matter other than the certificates and delivery of Debentures and the satisfaction and discharge of this Indenture, and except as otherwise specifically provided herein, such evidence may consist of a report or opinion of any solicitor, auditor, accountant, engineer or appraiser or any other person whose qualifications give authority to a statement made by him, provided that if such report or opinion is furnished by a Director or officer or employee of the Corporation, it will be in the form of a statutory declaration. Such evidence will be, so far as appropriate, in accordance with the immediately preceding paragraph of this Section.

Each statutory declaration, certificate, opinion or report with respect to compliance with a condition precedent provided for in the Indenture will include (a) a statement by the person giving the evidence that he has read and is familiar with those provisions of this Indenture relating to the condition precedent in question, (b) a brief statement of the nature and scope of the examination or investigation upon which the statements or opinions contained in such evidence are based, (c) a statement that, in the belief of the person giving such evidence, he has made such examination or investigation as is necessary to enable him to make the statements or give the opinions contained or expressed therein and (d) a statement whether in the opinion of such person the conditions precedent in question have been complied with or satisfied.

The Corporation will furnish to the Debenture Trustee at any time if the Debenture Trustee reasonably so requires, its certificate that the Corporation has complied with all covenants, conditions or other requirements contained in this Indenture, the non-compliance with which would, with the giving of notice or the lapse of time, or both, or otherwise, constitute an Event of Default, or if such is not the case, specifying the covenant, condition or other requirement which has not been complied with and giving particulars of such non-compliance. The Corporation will, whenever the Debenture Trustee so requires, furnish the Debenture Trustee with evidence by way of statutory declaration, opinion, report or certificate as specified by the Debenture Trustee as to any action or step required or permitted to be taken by the Corporation or as a result of any obligation imposed by this Indenture.

For certain payments made pursuant to this Indenture, the Debenture Trustee, if so directed by the Corporation, will be required to make a “reportable payment” or “withholdable payment” and in such cases the Debenture Trustee may have the duty to act as a payor or withholding agent, respectively, that is responsible for any tax withholding and reporting required under Chapters 3, 4, 24, and 61 of the Code, as will be directed by the Corporation. The Debenture Trustee will rely solely on the direction of the Corporation as to which payments with respect to which it is the withholding agent are “reportable payments” or “withholdable payments” under the Code and as to what withholding and reporting is required. All parties to this Indenture shall provide an executed IRS Form W-9 or appropriate IRS Form W-8 (or, in each case, any successor form) to the Debenture Trustee prior to closing, and shall promptly update any such form to the extent such form becomes obsolete or inaccurate in any respect. The Debenture Trustee shall have the right to request from any party to this Indenture, or any other person entitled to payment hereunder, any additional forms, documentation or other information as may be reasonably necessary for the Debenture Trustee to satisfy any reporting and withholding obligations, delegated to it by the Corporation, under the Code. To the extent any such forms to be delivered under this Section 15.5 are not provided prior to or by the time the related payment is required to be made or are determined by the Corporation to be incomplete and/or inaccurate in any respect, the Debenture Trustee may be directed by the Corporation to withhold on any such payments hereunder to the extent the Corporation determines withholding is required under Chapters 3, 4, 24 or 61 of the Code, and shall have no obligation to gross up any such payment.
15.6 Officer’s Certificates Evidence

Except as otherwise specifically provided or prescribed by this Indenture, whenever in the administration of the provisions of this Indenture the Debenture Trustee deems it necessary or desirable that a matter be proved or established prior to taking or omitting any action hereunder. the Debenture Trustee, if acting in good faith, may rely upon an Officer’s Certificate.

15.7 Experts, Advisers and Agents

The Debenture Trustee may:

(a) employ or retain and act and rely on the opinion or advice of or information obtained from any solicitor, auditor, valuer, engineer, surveyor, appraiser or other expert, whether obtained by the Debenture Trustee or by the Corporation, or otherwise, and will not be liable for acting, or refusing to act, in good faith on any such opinion or advice and may pay proper and reasonable compensation for all such legal and other advice or assistance as aforesaid; and

(b) employ such agents and other assistants as it may reasonably require for the proper discharge of its duties hereunder, and may pay reasonable remuneration for all services performed for it (and will be entitled to receive reasonable remuneration for all services performed by it from the Corporation) in the discharge of the trusts hereof and compensation for all disbursements, costs and expenses made or incurred by it in the discharge of its duties hereunder and in the management of the trusts hereof and any solicitors employed or consulted by the Debenture Trustee may, but need not be, solicitors for the Corporation. The Corporation shall pay or reimburse the Debenture Trustee for any reasonable fees, expenses and disbursements of such agents, counsel or advisors retained under Section 15.7.

15.8 Debenture Trustee May Deal in Debentures

Subject to Sections 15.1 and 15.3, the Debenture Trustee may, in its personal or other capacity, buy, sell, lend upon and deal in the Debentures and generally contract and enter into financial transactions with the Corporation or otherwise, without being liable to account for any profits made thereby.

15.9 Investment of Monies Held by Debenture Trustee

Unless otherwise provided in this Indenture, any monies held by the Debenture Trustee, which, under the trusts of this Indenture, may or ought to be invested or which may be on deposit with the Debenture Trustee or which may be in the hands of the Debenture Trustee, may be invested and reinvested in the name or under the control of the Debenture Trustee in securities in which, under the laws of the Province of Québec, trustees are authorized to invest trust monies, provided that such securities are expressed to mature within two years or such shorter period selected to facilitate any payments expected to be made under this Indenture, after their purchase by the Debenture Trustee, and unless and until the Debenture Trustee has declared the principal of and interest on the Debentures to be due and payable, the Debenture Trustee will only invest such monies at the Written Direction of the Corporation given in a reasonably timely manner. Pending the investment of any monies as hereinbefore provided, such monies may be deposited in the name of the Debenture Trustee in any Canadian chartered bank or, with the consent of the Corporation, in the deposit department of the Debenture Trustee or any other loan or trust company authorized to accept deposits under the laws of Canada or any Province thereof at the rate of interest, if any, then current on similar deposits. The Corporation will receive such chartered bank’s or the Debenture Trustee’s (as the case may be) prevailing rate for all monies held by it, as may change from time to time.
Unless and until the Debenture Trustee has declared the principal of and interest on the Debentures to be due and payable, and except as otherwise expressly provided herein, the Debenture Trustee will pay over to the Corporation all interest, if any, received by the Debenture Trustee in respect of any investments or deposits made pursuant to the provisions of this Section.

15.10 Debenture Trustee Not Ordinarily Bound

Except as provided in Section 8.2 and as otherwise specifically provided herein, the Debenture Trustee will not, subject to Section 15.3 be bound to give notice to any person of the execution hereof, nor to do, observe or perform or see to the observance or performance by the Corporation of any of the obligations herein imposed upon the Corporation or of the covenants on the part of the Corporation herein contained, nor in any way to supervise or interfere with the conduct of the Corporation’s business, unless the Debenture Trustee has been required to do so in writing by the holders of not less than 25% of the aggregate principal amount of the Debentures then outstanding or by any Extraordinary Resolution of the Debentureholders passed in accordance with the provisions contained in Article 13, and then only after it has been funded and indemnified to its satisfaction against all actions, proceedings, claims and demands to which it may render itself liable and all costs, charges, damages and expenses which it may incur by so doing. The Debenture Trustee be required to take notice of any default hereunder, unless and until notified in writing of such default, which notice shall distinctly specify the default desired to be brought to the attention of the Indenture Trustee and, in the absence of any such notice, the Indenture Trustee may for all purposes of this Indenture conclusively assume that no default has been made in the observance or performance of any of the representations, debentures, covenants, agreements, or conditions contained herein.

The Debenture Trustee shall not incur any liability or responsibility whatever or be in any way responsible for the consequence of any breach on the part of the Corporation of any of the covenants herein contained or of any acts of any directors, officers, employees, trustees or servants of the Corporation.

15.11 Debenture Trustee Not Required to Give Security

The Debenture Trustee will not be required to give any bond or security in respect of the execution of the trusts and powers of this Indenture or otherwise in respect of the premises.

15.12 Debenture Trustee Not Bound to Act on the Corporation's Request

Except as in this Indenture otherwise specifically provided, the Debenture Trustee will not be bound to act in accordance with any direction or request of the Corporation until a duly authenticated copy of the instrument or resolution containing such direction or request has been delivered to the Debenture Trustee, and the Debenture Trustee will be empowered to act upon any such copy purporting to be authenticated and believed by the Debenture Trustee to be genuine. Should the Debenture Trustee reasonably request originals of the direction or request, they shall be provided.
15.13 Conditions Precedent to Debenture Trustee’s Obligations to Act Hereunder

The obligation of the Debenture Trustee to commence or continue any act, action or proceeding for the purpose of enforcing the rights of the Debenture Trustee and of the Debentureholders hereunder will be conditional upon the Debentureholders furnishing when required by notice in writing by the Debenture Trustee, sufficient funds to commence or continue such act, action or proceeding and an indemnity reasonably satisfactory to the Debenture Trustee to protect and hold harmless the Debenture Trustee against the costs, charges and expenses and liabilities to be incurred thereby and any loss and damage it may suffer by reason thereof.

None of the provisions contained in this Indenture will require the Debenture Trustee to expend or risk its own funds or otherwise incur financial liability in the performance of any of its duties or in the exercise of any of its rights or powers unless indemnified as aforesaid.

The Debenture Trustee may, before commencing or at any time during the continuance of any such act, action or proceeding require the Debentureholders at whose instance it is acting to deposit with the Debenture Trustee the Debentures held by them for which Debentures the Debenture Trustee will issue receipts.

15.14 Authority to Carry on Business

The Debenture Trustee represents to the Corporation that at the date of execution and delivery by it of this Indenture it is authorized to carry on the business of a trust company in all Provinces and Territories of Canada but if, notwithstanding the provisions of this Section, it ceases to be so authorized to carry on business, the validity and enforceability of this Indenture and the securities issued hereunder will not be affected in any manner whatsoever by reason only of such event but the Debenture Trustee will, within 90 days after ceasing to be authorized to carry on the business of trust company in the Province of Québec, either become so authorized or resign in the manner and with the effect specified in Section 15.2.

15.15 Compensation and Indemnity

(a) The Corporation will pay to the Debenture Trustee from time to time reasonable compensation for its services hereunder as agreed separately by the Corporation and the Debenture Trustee, and will pay or reimburse the Debenture Trustee upon its request for all reasonable expenses, disbursements and advances incurred or made by the Debenture Trustee in the administration or execution of its duties under this Indenture (including the reasonable and documented compensation and disbursements of its Counsel and all other advisers and assistants not regularly in its employ), both before any default hereunder and thereafter until all duties of the Debenture Trustee under this Indenture will be finally and fully performed. The Debenture Trustee’s compensation will not be limited by any law on compensation of a trustee of an express trust.
(b) The Corporation hereby indemnifies and saves harmless the Debenture Trustee and its directors, officers, agents and employees (the “Indemnified Parties”) from and against any and all loss, damages, charges, expenses, claims, demands, actions or liability whatsoever which may be brought against the Debenture Trustee or which it may suffer or incur as a result of or arising out of the performance of its duties and obligations hereunder save only in the event of the gross negligent failure to act, or the wilful misconduct or bad faith of the Debenture Trustee. For greater certainty, the Corporation agrees to indemnify and save harmless the Indemnified Parties against and from any present and future taxes (other than income taxes), duties, assessments or other charges imposed or levied on behalf of any governmental authority having the power to tax in connection with the Indenture Trustee’s duties hereunder. In addition, the Corporation agrees to reimburse, indemnify and save harmless the Indemnified Parties for, against and from all legal fees and disbursements (on a substantial indemnity, or solicitor and client, basis) incurred by an Indemnified Party if the Corporation commences an action, or cross claims or counterclaims, against the Indemnified Party and the Indemnified Party is successful in defending such claim. This indemnity will survive the termination or discharge of this Indenture and the resignation or removal of the Debenture Trustee. The Debenture Trustee will notify the Corporation promptly of any claim for which it may seek indemnity. The Corporation will defend the claim and the Debenture Trustee will co-operate in the defence. The Debenture Trustee may have separate Counsel and the Corporation will pay the reasonable fees and expenses of such Counsel. The Corporation need not pay for any settlement made without its consent, which consent will not be unreasonably withheld. This indemnity will survive the resignation or removal of the Debenture Trustee or the discharge of this Indenture.

(c) The Corporation need not reimburse any expense or indemnify against any loss or liability incurred by the Debenture Trustee through gross negligence or bad faith or wilful misconduct of the Debenture Trustee in the execution of its duties hereunder.

15.16 Anti-Money Laundering

(a) The Corporation hereby represents to the Debenture Trustee that any account to be opened by, or interest to held by, the Debenture Trustee in connection with this Indenture, for or to the credit of such party, either (i) is not intended to be used by or on behalf of any third party; or (ii) is intended to be used by or on behalf of a third party, in which case the person signing the declaration hereto agrees to complete and execute forthwith a declaration in the Debenture Trustee’s prescribed form as to the particulars of such third party.

(b) The Debenture Trustee shall retain the right not to act and shall not be liable for refusing to act if, due to a lack of information or for any other reason whatsoever, the Debenture Trustee, in its sole judgment, determines that such act might cause it to be in non-compliance with any applicable anti-money laundering, anti-terrorist or economic sanctions legislation, regulation or guideline. Further, should the Debenture Trustee, in its sole judgment, determine at any time that its acting under this Indenture has resulted in its being in non-compliance with any applicable anti-money laundering, anti-terrorist or economic sanctions legislation, regulation or guideline, then it shall have the right to resign on 10 days written notice to the other parties to this Indenture, provided (i) that the Debenture Trustee’s written notice shall describe the circumstances of such non-compliance; and (ii) that if such circumstances are rectified to the Debenture Trustee's satisfaction within such 10 day period, then such resignation shall not be effective.
15.17 Acceptance of Trust

The Debenture Trustee hereby accepts the trusts in this Indenture declared and provided for and agrees to perform the same upon the terms and conditions herein set forth and to hold all rights, privileges and benefits conferred hereby and by law in trust for the various persons who will from time to time be Debentureholders, subject to all the terms and conditions herein set forth.

15.18 Privacy

(a) The parties acknowledge that the Debenture Trustee may, in the course of providing services hereunder, collect or receive financial and other personal information about such parties and/or their representatives, as individuals, or about other individuals related to the subject matter hereof, and use such information for the following purposes:

(i) to provide the services required under this Indenture and other services that may be requested from time to time;

(ii) to help the Debenture Trustee manage its servicing relationships with such individuals;

(iii) to meet the Debenture Trustee’s legal and regulatory requirements; and

(iv) if social insurance numbers are collected by the Debenture Trustee, to perform tax reporting and to assist in verification of an individual’s identity for security purposes.

(b) The Corporation acknowledges and agrees that the Debenture Trustee may receive, collect, use and disclose personal information provided to it or acquired by it in the course of this Indenture for the purposes described above and, generally, in the manner and on the terms described in its privacy code, which the Debenture Trustee shall make available on its website, txtrust.com or upon request, including revisions thereto. The Debenture Trustee may transfer personal information to other companies in or outside of Canada that provide data processing and storage or other support in order to facilitate the services it provides. Further, the Corporation agrees that it shall not provide or cause to be provided to the Debenture Trustee any personal information relating to an individual who is not a party to this Indenture unless that party has assured itself that such individual understands and has consented to the aforementioned uses and disclosures.

15.19 Force Majeure

Neither party shall be liable to the other, or held in breach of this Indenture, if prevented, hindered, or delayed in the performance or observance of any provision contained herein by reason of act of God, riots, terrorism, acts of war, epidemics, governmental action or judicial order, earthquakes, or any other similar causes (including, but not limited to, mechanical, electronic or communication interruptions, disruptions or failures). Performance times under this Indenture shall be extended for a period of time equivalent to the time lost because of any delay that is excusable under this Section.
ARTICLE 16
SUPPLEMENTAL INDENTURES

16.1 Supplemental Indentures

Subject to any approval that may be required pursuant to the requirements of the TSXV or such other exchange on which the Common Shares are listed and posted for trading, from time to time the Debenture Trustee and, when authorized by a resolution of the Directors, the Corporation, may, and they will when required by this Indenture, execute, acknowledge and deliver by their proper officers deeds or indentures supplemental hereto which thereafter will form part hereof, for any one or more of the following purposes:

(a) adding to the covenants of the Corporation herein contained for the protection of the Debentureholders, or providing for events of default, in addition to those herein specified;

(b) making such provisions not inconsistent with this Indenture as may be necessary or desirable with respect to matters or questions arising hereunder, including the making of any modifications in the form of the Debentures which do not affect the substance thereof and which in the opinion of the Debenture Trustee (relying on an opinion of Counsel) will not be prejudicial to the interests of the Debentureholders;

(c) evidencing the succession, or successive succeions, of others to the Corporation and the covenants of and obligations assumed by any such successor in accordance with the provisions of this Indenture;

(d) giving effect to any Extraordinary Resolution passed as provided in Article 13; and

(e) for any other purpose not inconsistent with the terms of this Indenture.

Unless this Indenture or the supplemental indenture requires the consent or concurrence of Debentureholders by Extraordinary Resolution, the consent or concurrence of Debentureholders will not be required in connection with the execution, acknowledgement or delivery of a supplemental indenture. The Corporation and the Debenture Trustee, without the consent or approval of the Debentureholders, may amend any of the provisions of this Indenture related to matters of United States law or the issuance of Debentures into the United States in order to ensure that such issuances can be made in accordance with applicable law in the United States. The Debenture Trustee will have the right to request a legal opinion regarding matters of United States law or the issuance of Debentures into the United States prior to or concurrently with making such amendments. Further, the Corporation and the Debenture Trustee may without the consent or concurrence of the Debentureholders by supplemental indenture or otherwise, make any changes or corrections in this Indenture which it has been advised by Counsel are required for the purpose of curing or correcting any ambiguity or defective or inconsistent provisions or clerical omissions or mistakes or manifest errors contained herein or in any indenture supplemental hereto or any Written Direction of the Corporation provided for the issue of Debentures, providing that in the opinion of the Debenture Trustee (relying upon an opinion of Counsel) the rights of the Debentureholders are in no way prejudiced thereby.
ARTICLE 17
EXECUTION AND FORMAL DATE; RIGHTS OF RESCISSION;
CONCERNING THIS TRUST INDENTURE

17.1 Execution

This Indenture may be executed and delivered by facsimile and in counterparts, each of which when so executed and delivered will be deemed to be an original and such counterparts together constitute one and the same instrument and notwithstanding their date of execution they are deemed to be dated as of the date hereof.

17.2 Formal Date

For the purpose of convenience this Indenture may be referred to as bearing the formal date of July •, 2017 irrespective of the actual date of execution hereof.

17.3 Concerning this Trust Indenture

To the extent of any conflict between the description of the Debentures in any term sheet, prospectus or other offering document which qualifies for distribution any Debentures governed by this Trust Indenture, the terms and conditions of this Trust Indenture shall be take precedence and govern.

[Remainder of this page intentionally left blank.]
IN WITNESS WHEREOF the parties hereto have executed this Indenture as of the date first written above.

INTELGENX TECHNOLOGIES CORP.

Per: 

Name: 
Title: 

TSX TRUST COMPANY

Per: 

Name: 
Title: 

Per: 

Name: 
Title:
This Debenture is a Global Debenture within the meaning of the Indenture herein referred to and is registered in the name of a Depository or a nominee thereof. This Debenture may not be transferred to or exchanged for Debentures registered in the name of any Person other than the Depository or a nominee thereof and no such transfer may be registered except in the limited circumstances described in the Indenture. Every Debenture authenticated and delivered upon registration of, transfer of, or in exchange for, or in lieu of, this Debenture shall be a Global Debenture subject to the foregoing, except in such limited circumstances described in the Indenture.

UNLESS THIS CERTIFICATE IS PRESENTED BY AN AUTHORIZED REPRESENTATIVE OF CDS CLEARING AND DEPOSITORY SERVICES INC. (“CDS”) TO INTELGENX TECHNOLOGIES CORP. OR ITS AGENT FOR REGISTRATION OF TRANSFER, EXCHANGE OR PAYMENT, AND ANY CERTIFICATE ISSUED IN RESPECT THEREOF IS REGISTERED IN THE NAME OF CDS & CO., OR IN SUCH OTHER NAME AS IS REQUESTED BY AN AUTHORIZED REPRESENTATIVE OF CDS, ANY TRANSFER, PLEDGE OR OTHER USE HEREOF FOR VALUE OR OTHERWISE BY OR TO ANY PERSON IS WRONGFUL SINCE THE REGISTERED HOLDER HEREOF, CDS & CO., HAS A PROPERTY INTEREST IN THE SECURITIES REPRESENTED BY THIS CERTIFICATE HEREIN AND IT IS A VIOLATION OF ITS RIGHTS FOR ANOTHER PERSON TO HOLD, TRANSFER OR DEAL WITH THIS CERTIFICATE.

INTELGENX TECHNOLOGIES CORP.

(A corporation existing under the laws of Delaware)

8.00% Convertible Unsecured Subordinated Debentures Due June 30, 2020

Date of Issue: •, 2017
Registered Holder: •

INTELGENX TECHNOLOGIES CORP. (the “Corporation”) for value received hereby acknowledges itself indebted and, subject to the provisions of the Trust Indenture (the “Indenture”) dated July •, 2017 between the Corporation and TSX Trust Company (the “Debenture Trustee”), promises to pay to the registered holder hereof on the maturity date of this Debenture, as hereinafter described, or on such earlier date as the principal amount hereof may become due in accordance with the provisions of the Indenture, the principal amount of in lawful money of Canada, as may be adjusted as set out in Exhibit 1, on presentation and surrender of this Debenture at the main branch of the Debenture Trustee in Toronto, Ontario in accordance with the terms of the Indenture.
This Debenture is one of the 8.00% Convertible Unsecured Subordinated Debentures (referred to herein as the “Debentures”) of the Corporation issued or issuable under the provisions of the Indenture. Reference is hereby expressly made to the Indenture for a description of the terms and conditions upon which the Debentures are to be issued and held and the rights and remedies of the holders of the Debentures and of the Corporation and of the Debenture Trustee, all to the same effect as if the provisions of the Indenture were herein set forth to all of which provisions the holder of this Debenture by acceptance hereof assents.

The maturity date (the “Maturity Date”) for the Debentures will be June 30, 2020. The Debentures will bear interest at the rate of 8.00% per annum, payable in equal semi-annual payments, in arrears, on June 30 and December 31 in each year, the first such payment to fall due on December 31, 2017, payable after as well as before maturity and after as well as before default, with interest on amounts in default at the same rate, compounded semi-annually.

Interest hereon will be payable (less applicable Withholding Taxes, if any) by cheque mailed by prepaid ordinary mail or by electronic transfer of funds to the registered holder hereof and, subject to the provisions of the Indenture, the mailing of such cheque or the sending of the electronic transfer of funds, as the case may be, will, to the extent of the sum represented thereby (plus the amount of any tax withheld or deducted and remitted to the proper tax authority), satisfy and discharge all liability for interest on this Debenture.

The Debentures are issuable only in denominations of $1,000 and integral multiples thereof. Upon compliance with the provisions of the Indenture, Debentures of any denomination may be exchanged for an equal aggregate principal amount of Debentures in any other authorized denomination or denominations.

The principal of this Debenture is convertible, at the option of the holder hereof, upon surrender of this Debenture at the principal office of the Debenture Trustee in Toronto, Ontario, at any time and prior to the close of business on the Maturity Date or, if this Debenture is called for redemption on or prior to such date, then up to but not after the close of business on the last Business Day immediately preceding the date specified for redemption of this Debenture, into Common Shares at a conversion price of $1.35 (the “Conversion Price”) per Common Share, being a rate of 740 Common Shares for each $1,000 principal amount of Debentures, all subject to the terms and conditions and in the manner set forth in the Indenture. Notwithstanding the foregoing, no Debenture may be converted during the last five Business Day preceding an Interest Payment Date or the Maturity Date. Holders of Debentures converting their Debentures will receive accrued and unpaid interest from and including the last Interest Payment Date (or the date of issue if there has not been an Interest Payment Date) to but excluding the Date of Conversion. The Indenture makes provision for the adjustment of the Conversion Price in the events therein specified. No fractional Common Shares will be issued on any conversion but, in lieu thereof, the Corporation will satisfy such fractional interest by a cash payment equal to the fractional interest multiplied by the Current Market Price of the Common Shares on the Date of Conversion determined in accordance with the Indenture.
This Debenture may be redeemed at the option of the Corporation on the terms and conditions set out in the Indenture at the redemption price therein and herein set out provided that this Debenture is not redeemable prior to [June 30, 2018] (the “First Call Date”) except in the event of the satisfaction of certain conditions after a Change of Control has occurred. On or after the First Call Date and prior to [June 30, 2019] (the “Second Call Date”), the Debentures may be redeemed at the option of the Corporation at the redemption price equal to the principal amount of the Debentures (the “Redemption Price”) provided the Current Market Price on the date on which the notice of redemption is given is at least 125% of the Conversion Price and, in addition thereto, at the time of redemption, the Corporation will pay to the holder accrued and unpaid interest on the terms and conditions described in the Indenture. On or after the Second Call Date and prior to the Maturity Date, the Debentures may be redeemed at the option of the Corporation at the Redemption Price, irrespective of the Current Market Price of the Common Shares, and, in addition thereto, at the time of redemption, the Corporation will pay to the holder accrued and unpaid interest on the terms and conditions described in the Indenture. The Corporation may, on notice as provided in the Indenture, at its option subject to any applicable regulatory approval, elect to satisfy its obligation to pay all or a portion of the applicable Redemption Price by the issue of that number of Freely Tradeable Common Shares obtained by dividing the applicable Redemption Price by 95% of the Current Market Price of the Common Shares on the Redemption Date.

Upon the occurrence of a Change of Control of the Corporation, the Corporation is required to make an offer to purchase all the Debentures at a price equal to 101% of the principal amount of such Debentures plus accrued and unpaid interest up to, but excluding, the date the Debentures are so repurchased (the “Offer”). If 90% or more of the aggregate principal amount of the Debentures issued under the Indenture outstanding on the date the Corporation provides notice of a Change of Control to the Debenture Trustee have been tendered for purchase pursuant to the Offer, the Corporation has the right to redeem all the remaining outstanding Debentures at the same price.

The Corporation may, on notice as provided in the Indenture, at its option and subject to any applicable regulatory approval, elect to satisfy the obligation to repay all or any portion of the principal amount of this Debenture due on the Maturity Date by the issue of that number of Freely Tradeable Common Shares obtained by dividing the principal amount of this Debenture to be paid for in Common Shares pursuant to the exercise by the Corporation of the Common Share Repayment Right by 95% of the Current Market Price on the Maturity Date.

The indebtedness evidenced by this Debenture, and by all other Debentures now or hereafter certified and delivered under the Indenture, is a direct unsecured obligation of the Corporation, and is subordinated in right of payment, to the extent and in the manner provided in the Indenture, to the prior payment of all Senior Indebtedness, whether outstanding at the date of the Indenture or thereafter created, incurred, assumed or guaranteed.

The principal hereof may become or be declared due and payable before the stated maturity in the events, in the manner, with the effect and at the times provided in the Indenture.

The Indenture contains provisions making binding upon all holders of Debentures outstanding thereunder resolutions passed at meetings of such holders held in accordance with such provisions and instruments signed by the holders of a specified majority of Debentures outstanding, which resolutions or instruments may have the effect of amending the terms of this Debenture or the Indenture.
All dollar amounts expressed in this Debenture are in lawful money of Canada and all payments required to be made hereunder will be made in Canadian dollars.

This Debenture will not become obligatory for any purpose until it will have been certified by the Debenture Trustee under the Indenture.

If any of the provisions of this Debenture are inconsistent with the provisions of the Indenture, the provisions of the Indenture will take precedence and will govern. Capitalized words or expressions used in this Debenture, unless otherwise defined herein, have the meaning attributed thereto in the Indenture.
IN WITNESS WHEREOF IntelGenx Technologies Corp. has caused this Debenture to be signed by its duly authorized officer as of the • th day of •.

INTELGENX TECHNOLOGIES CORP.

Per: 
Name: 
Title: 

DEBENTURE TRUSTEE’S CERTIFICATE

This Debenture is one of the 8.00% Convertible Unsecured Subordinated Debentures due June 30, 2020 of IntelGenx Technologies Corp. referred to in the Indenture within mentioned.

TSX TRUST COMPANY

Per: 
Authorized Signatory
FORM OF ASSIGNMENT

FOR VALUE RECEIVED, the undersigned hereby sells, assigns and transfers unto ______________, whose address and social insurance number, if applicable, are set forth below, this Debenture (or $__________ principal amount hereof*) of IntelGenx Technologies Corp. standing in the name(s) of the undersigned in the register maintained with respect to such Debenture and does hereby irrevocably authorize and direct the Debenture Trustee to transfer such Debenture in such register, with full power of substitution in the premises. All dollar amounts expressed in this Form of Assignment are in lawful money of Canada.

Dated: __________________________________________

Address of Transferee: ________________________________

(Street Address, City, Province/State and Postal/Zip Code and Country)

Social Insurance Number of Transferee, if applicable:

* If less than the full principal amount of the within Debenture is to be transferred, indicate in the space provided the principal amount (which will be $1,000 or an integral multiple thereof) to be transferred.

The signature(s) to this assignment must correspond with the name(s) as written upon the face of this [8.00] % Debenture in every particular without alteration or any change whatsoever. The signature(s) must be guaranteed by one of the following methods:

2. Canada and the USA: A Medallion Signature Guarantee obtained from a member of an acceptable Medallion Signature Guarantee Program (STAMP, SEMP, MSP). Many commercial banks, savings banks, credit unions, and all broker dealers participate in a Medallion Signature Guarantee Program. The Guarantor must affix a stamp bearing the actual words “Medallion Guaranteed”.

3. Canada: A Signature Guarantee obtained from a major Canadian Schedule 1 chartered bank. The Guarantor must affix a stamp bearing the actual words “Signature Guaranteed”. Signature Guarantees are not accepted from Treasury Branches, Credit Unions or Caisses Populaires unless they are members of a Medallion Signature Guarantee Program.

4. Outside North America: For holders located outside North America, present the certificate(s) and/or document(s) that require a guarantee to a local financial institution that has a corresponding Canadian or American affiliate which is a member of an acceptable Medallion Signature Guarantee Program. The corresponding affiliate will arrange for the signature to be over-guaranteed.

The registered holder of this Debenture is responsible for the payment of any documentary, stamp or other transfer taxes that may be payable in respect of the transfer of this Debenture.
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<th>Signature of Guarantor</th>
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EXHIBIT 1

8.00% Convertible Unsecured Subordinated Debentures due [June 30, 2020]

CUSIP: */ISIN: CA *

Initial Principal Amount
Authorization: __________________________________________

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SCHEDULE B

TO THE TRUST INDENTURE BETWEEN
INTELGENX TECHNOLOGIES CORP. AND
TSX TRUST COMPANY

FORM OF REDEMPTION NOTICE

INTELGENX TECHNOLOGIES CORP.
8.00% CONVERTIBLE UNSECURED SUBORDINATED DEBENTURES

REDEMPTION NOTICE

TO: Holders of 8.00% Convertible Unsecured Subordinated Debentures (the “Debentures”) of INTELGENX TECHNOLOGIES CORP. (the “Corporation”)

Note: All capitalized terms used herein have the meaning attributed thereto in the Indenture mentioned below, unless otherwise indicated.

Notice is hereby given pursuant to Section 4.3 of the Trust Indenture (the “Indenture”) dated July •, 2017 between the Corporation and TSX Trust Company (the “Debenture Trustee”), that the aggregate principal amount of $• of the $• of Debentures outstanding will be redeemed as of • (the “Redemption Date”), upon payment of a redemption amount of $• per $1,000 principal amount of Debentures (the “Redemption Price”), and all accrued and unpaid interest hereon to but excluding the Redemption Date (less applicable Withholding Taxes, if any) (collectively, the “Total Redemption Price”). All dollar amounts expressed in this Redemption Notice are in lawful money of Canada and all payments required to be made hereunder will be made in Canadian dollars.

The Total Redemption Price will be payable upon presentation and surrender of the Debentures called for redemption at the following corporate trust office:

TSX Trust Company
200 University Avenue, Suite 300
Toronto, Ontario M5H 4H1

Attention: Vice President, Trust Services

The interest upon the principal amount of Debentures called for redemption will cease to be payable from and after the Redemption Date, unless payment of the Total Redemption Price will not be made on presentation for surrender of such Debentures at the above-mentioned corporate trust office on or after the Redemption Date or prior to the setting aside of the Total Redemption Price pursuant to the Indenture.

Pursuant to Section 4.6 of the Indenture, the Corporation hereby irrevocably elects to satisfy its obligation to pay to the holders of Debentures $• of the Redemption Price payable to holders of Debentures in accordance with this notice by issuing and delivering to the holders that number of Freely Tradeable Common Shares obtained by dividing the Redemption Price by 95% of the then Current Market Price of the Common Shares on the Redemption Date.
No fractional Common Shares will be delivered upon the exercise by the Corporation of the above-mentioned redemption right but, in lieu thereof, the Corporation will pay the cash equivalent thereof determined on the basis of the Current Market Price of Common Shares on the Redemption Date (less applicable Withholding Taxes, if any).

In connection with the above, the Corporation will, on the Redemption Date, make the delivery to the Debenture Trustee or will arrange through its transfer agent for the Common Shares solely in relation to the issuance of the Common Shares, at the above-mentioned corporate trust office, for delivery to and on account of the holders upon presentation and surrender of their Debentures for payment, certificates or facilitate the settlement of electronic deposits representing the Freely Tradeable Common Shares to which holders are entitled together with the cash equivalent in lieu of fractional Common Shares, cash for all accrued and unpaid interest up to, but excluding, the Redemption Date, and, if only a portion of the Debentures are to be redeemed by issuing Freely Tradeable Common Shares, cash representing the balance of the Redemption Price.

Date: ________________________________

INTELGENX TECHNOLOGIES CORP.

Per: ________________________________

Name:

Title:
TO: Holders of 8.00% Convertible Unsecured Subordinated Debentures (the “Debentures”) of INTELGENX TECHNOLOGIES CORP. (the “Corporation”)

Note: All capitalized terms used herein have the meaning attributed thereto in the Indenture mentioned below, unless otherwise indicated.

Notice is hereby given pursuant to Section 4.9(b) of the Trust Indenture (the “Indenture”) dated July •, 2017 between the Corporation and TSX Trust Company, as trustee (the “Debenture Trustee”), that the Debentures are due and payable as of June 30, 2020 (the “Maturity Date”) and the Corporation elects to satisfy its obligation to pay to holders of Debentures $ of the $ principal amount of the Debentures outstanding on the Maturity Date by issuing and delivering to the holders that number of Freely Tradeable Common Shares equal to the number obtained by dividing such principal amount of the Debentures by 95% of the Current Market Price of Common Shares on the Maturity Date.

No fractional Common Shares will be delivered on exercise by the Corporation of the above mentioned repayment right but, in lieu thereof, the Corporation will pay the cash equivalent thereof determined on the basis of the Current Market Price of Common Shares on the Maturity Date (less applicable Withholding Taxes, if any).

In connection with the above, the Corporation will, on the Maturity Date, make delivery to the Debenture Trustee or will arrange through its transfer agent for Common Shares solely in relation to the issuance of the Common Shares, at its principal corporate trust office in Toronto, Ontario for delivery to and on account of the holders upon presentation and surrender of their Debentures for payment, certificates or facilitate the settlement of electronic deposits representing the Freely Tradeable Common Shares to which holders are entitled together with the cash equivalent in lieu of fractional Common Shares, cash for all accrued and unpaid interest up to, but excluding, the Maturity Date and if only a portion of the Debentures are to be repaid by issuing Freely Tradeable Common Shares, cash representing the balance of the principal amount and premium (if any) due on the Maturity Date.
INTELGENX TECHNOLOGIES CORP.

Per:

Name:
Title:
SCHEDULE D

TO THE TRUST INDENTURE BETWEEN
INTELGENX TECHNOLOGIES CORP. AND
TSX TRUST COMPANY

FORM OF COMMON SHARE INTEREST PAYMENT ELECTION NOTICE

INTELGENX TECHNOLOGIES CORP.

8.00% CONVERTIBLE UNSECURED SUBORDINATED DEBENTURES
COMMON SHARE INTEREST PAYMENT ELECTION NOTICE

TO: Holders of 8.00% Convertible Unsecured Subordinated Debentures (the “Debentures”) of INTELGENX TECHNOLOGIES CORP. (the “Corporation”)

Note: All capitalized terms used herein have the meaning attributed thereto in the Indenture mentioned below, unless otherwise indicated.

Notice is hereby given pursuant to Section 10.1(a) of the Trust Indenture (the “Indenture”) dated July •, 2017 between the Corporation and TSX Trust Company, as trustee (the “Debenture Trustee”), that as of • (the “Interest Payment Date”), interest on the Debentures in respect of the interest period commencing on • and ending on • (the “Interest Obligation”) will be due and payable to the Debentureholders under the terms of the Indenture. The Corporation elects to satisfy its obligation to pay to holders of Debentures on the Interest Payment Date the Interest Obligation through the issuance and delivery to the Debentureholders, for each $40 of interest amount, that number of Freely Tradeable Common Shares obtained by dividing each $40 of interest amount by the Current Market Price of the Common Share on the date before the public announcement by the Corporation of its intention to satisfy its interest Obligation in Common Share, such amount to be subject to required withholdings and rounding in accordance with the terms and conditions of the Indenture.

No fractional Common Shares will be delivered on exercise by the Corporation of the above mentioned right but, in lieu thereof, the Corporation will pay the cash equivalent thereof determined on the basis of the Current Market Price of Common Shares on the Interest Payment Date (less applicable Withholding Taxes, if any).

Date: __________________________________________

INTELGENX TECHNOLOGIES CORP.

Per: __________________________________________

Name: __________________________________________

Title: __________________________________________
TO: INTELGENX TECHNOLOGIES CORP.
AND TSX TRUST COMPANY, as Debenture Trustee
TO:

Note: All capitalized terms used herein have the meaning attributed thereto in the Trust Indenture between INTELGENX TECHNOLOGIES CORP. and TSX Trust Company dated July •, 2017 (the “Indenture”), unless otherwise indicated.

The undersigned registered holder of 8.00% Convertible Unsecured Subordinated Debentures bearing Certificate No. ______________ irrevocably elects to convert such Debentures (or $______________ principal amount thereof) in accordance with the terms of the Indenture referred to in such Debentures and tenders herewith the Debentures and, if applicable, directs that the Common Shares of INTELGENX TECHNOLOGIES CORP. issuable upon a conversion (or such other securities or property required to be delivered as provided by the terms of the Indenture) be issued and/or delivered to the person indicated below. (If Common Shares or other securities are to be issued in the name of a person other than the holder, all requisite transfer taxes will be tendered by the undersigned).

Dated ______________ (Signature of Registered Holder)

If less than the full principal amount of the Debentures, indicate in the space provided the principal amount (which will be $1,000 or integral multiples thereof).

____________________

All dollar amounts expressed in this Conversion Notice are in lawful money of Canada.

NOTE: If Common Shares are to be issued in the name of a person other than the holder, the signature will be guaranteed by a Canadian Schedule I chartered bank, a trust company or by a member of an acceptable Medallion Guarantee Program. The Guarantor must affix a stamp bearing the actual words: “SIGNATURE GUARANTEED”, “MEDALLION GUARANTEED” or “SIGNATURE & AUTHORITY TO SIGN GUARANTEE”, all in accordance with the transfer agent’s then current guidelines and requirements at the time of transfer. For corporate holders, corporate signing resolutions, including a certificate of incumbency, will also be required to accompany the transfer unless there is a “SIGNATURE & AUTHORITY TO SIGN GUARANTEE” stamp affixed to the form of transfer.
(Print name in which Common Shares are to be issued, delivered and registered)

Name:

__________________________________________
(Address)

__________________________________________
(City, Province/State, Postal Code/Zip Code and Country)

Name of guarantor: ______________________________________

Authorized signature: ________________________________
June 29, 2017

IntelGenx Technologies Corp.
6425 Abrams, Ville Saint Laurent, Quebec
H4S 1X9 Canada

Re: Registration Statement on Form S-1
File No. 333-217148

Ladies and Gentlemen:

We have acted as counsel to IntelGenx Technologies Corp., a Delaware corporation (the “Company”), in connection with the filing of a Registration Statement on Form S-1 (the “Registration Statement”) relating to the offering and sale by the Company of up to Cdn$10,000,000 aggregate principal amount of convertible unsecured subordinated debentures (the “Debentures”) and the shares of the Company’s Common Stock, $0.00001 par value per share (the “Common Stock”), that may be issued upon conversion of the Debentures (the “Conversion Shares”), on payment of Common Stock in lieu of monetary interest payments (the “Interest Shares”) and shares of Common Stock that may be issued upon redemption of the Debentures (the “Redemption Shares” and together with the Conversion Shares, the Interest Shares and the Debentures, the “Securities”). The Securities are being sold pursuant to an agency agreement among the Company, Desjardins Securities Inc. and Laurentian Bank Securities Inc. (the “Agency Agreement”), and will be issued under an indenture (the “Indenture”), between the Company and TSX Trust Company, as trustee (the “Trustee”), the form of which has been filed with the Securities and Exchange Commission as an exhibit to the Registration Statement.

We have examined such documents and have reviewed such questions of law as we have considered necessary and appropriate for the purposes of the opinions set forth below. In rendering our opinions set forth below, we have assumed the authenticity of all documents submitted to us as originals, the genuineness of all signatures and the conformity to authentic originals of all documents submitted to us as copies. We have also assumed the legal capacity for all purposes relevant hereto of all natural persons. As to questions of fact material to our opinions, we have relied upon certificates of officers of the Company and of public officials. For purposes of our opinions below, we have also assumed that the Indenture has been duly authorized by the Trustee.

Based on the foregoing, we are of the opinion that (a) the Conversion Shares have been duly authorized and reserved for issuance and assuming a sufficient number of authorized but unissued shares of Common Stock are available for issuance when the Debentures are converted, the Conversion Shares, when issued and delivered upon conversion of the Debentures in accordance with the Indenture, will be validly issued, fully paid and nonassessable; (b) the Interest Shares have been duly authorized and reserved for issuance and assuming a sufficient number of authorized but unissued shares of Common Stock are available for issuance, the Interest Shares, when issued and delivered upon payment of interest in accordance with the Indenture, will be validly issued, fully paid and nonassessable; (c) the Redemption Shares have been duly authorized and reserved for issuance and assuming a sufficient number of authorized but unissued shares of Common Stock are available for issuance when the Debentures are redeemed, the Redemption Shares, when issued and delivered upon redemption of the Debentures in accordance with the Indenture, will be validly issued, fully paid and nonassessable; (d) the Debentures to be sold by the Company pursuant to the Registration Statement have been duly authorized by all requisite corporate action and when issued and sold will be validly issued.
Our opinions expressed above are limited to the Delaware General Corporation Law. The opinion expressed in opinion paragraph (c) above is subject to and limited by the effect of any applicable bankruptcy, insolvency, fraudulent transfer, reorganization, moratorium and other similar laws of general application affecting the rights and remedies of creditors and to general principles of equity (including, without limitation, concepts of materiality, reasonableness, good faith, fair dealing and unconscionability), regardless of whether considered in a proceeding in equity or.

With respect to our opinion expressed in paragraph (a) and (b) above, we have assumed that (i) at or prior to the time of issuance of the Conversion Shares or Interest Shares, as applicable, the Registration Statement will not have been modified, withdrawn or deregistered and that there will not have occurred any change in law affecting the validity of the issuance of the Conversion Shares or Interest Shares, as applicable and (ii) the Debentures will remain in full force and effect through the time of issuance of any Conversion Shares or Interest Shares, as applicable, and will not be amended in any manner that affects the validity of the issuance of, or payment for, any Conversion Shares or Interest Shares, as applicable.

We hereby consent to the filing of this opinion as an exhibit to the Registration Statement filed with the United States Securities and Exchange Commission, and to the reference to our firm under the heading “Legal Matters” in the prospectus constituting part of the Registration Statement. In giving this consent, we do not admit that we are within the category of persons whose consent is required under Section 7 of the Securities Act of 1933, as amended, and the rules and regulations thereunder.

Very truly yours,

/s/ Dorsey & Whitney LLP
June 29, 2017

IntelGenx Technologies Corp.
6420 Abrams
Ville Saint-Laurent, QC H4S 1Y2

Re: IntelGenx Technologies Corp.

Ladies and Gentlemen:

This opinion is furnished to IntelGenx Technologies Corp. (the “Corporation”), in connection with the Registration Statement on Form S-1 (the “Registration Statement”) filed by the Corporation with the Securities and Exchange Commission (the “Commission”) under the Securities Act of 1933, as amended, relating to the issuance by the Corporation of up to Cdn$10,000,000 principal amount of 8% convertible unsecured subordinated debentures due June 30, 2020 (the “Securities”). The Securities will be issued under an indenture (the “Indenture”) between the Corporation and TSX Trust Corporation, as trustee (the “Trustee”).

We have examined the Registration Statement and the form of the Indenture, which has been filed with the Commission as an exhibit to the Registration Statement. We also have examined the originals, or duplicates or certified or conformed copies, of such corporate and other records, agreements, documents and other instruments and have made such other investigations as we have deemed relevant and necessary in connection with the opinion hereinafter set forth. As to questions of fact material to this opinion, we have relied upon certificates or comparable documents of public officials and of officers and representatives of the Corporation.

In rendering the opinion set forth below, we have assumed the legal capacity of all natural persons, the genuineness of all signatures, the authenticity of all documents submitted to us as originals, the conformity to original documents of all documents submitted to us as certified, conformed, photostatic, electronic, or facsimile copies and the authenticity of the originals of such documents. In making our examination of the form of Indenture we have assumed the Indenture constitutes or will constitute a valid and binding obligation of the Trustee.

Based upon the foregoing, and subject to the qualifications, assumptions and limitations stated herein, assuming (a) the taking of all necessary corporate action to approve the Indenture, the issuance and terms of the Securities, the terms of the offering thereof and related matters by the Board of Directors of the Corporation or a duly constituted and acting committee of such Board (such Board of Directors or committee being hereinafter referred to as the “Board”) and (b) the due execution, authentication, issuance and delivery of the Securities, upon payment of the consideration therefor provided for in the applicable definitive purchase, underwriting or similar agreement approved by the Board and otherwise in accordance with the provisions of the Indenture and such agreement, the Securities will constitute valid and legally binding obligations of the Corporation enforceable against the Corporation in accordance with their terms.
Our opinion set forth above is subject to (i) bankruptcy, insolvency, reorganization, arrangement, winding up, moratorium and other similar laws of general application limiting the enforcement of creditors’ rights generally, (ii) general equitable principles, including the fact that the availability of equitable remedies, such as injunctive relief and specific performance, is in the discretion of a court, and (iii) principles of good faith and reasonableness, as such principles are construed and applied by the courts of the Province of Québec.

The opinion expressed herein is limited to the laws of the Province of Quebec and the federal laws of Canada applicable therein (the “Applicable Law”).

We do not express any opinion herein with respect to the validity of any issuance of common shares of the Corporation that may be issued upon the conversion of the Securities or otherwise.

We hereby consent to the filing of this opinion with the Commission as an exhibit to the Registration Statement. We also consent to the reference to our firm under the heading “Legal Matters” in the Registration Statement. In giving this consent, we do not thereby admit that we are in the category of persons whose consent is required under the Securities Act or the rules and regulations promulgated thereunder. This opinion is expressed as of the date hereof unless otherwise expressly stated, and we disclaim any undertaking to advise you of any subsequent changes of the facts stated or assumed herein or any subsequent changes in Applicable Law.

Yours truly,

(s) Mccarthy Tétrault LLP
Consent of Independent Registered Public Accounting Firm

We hereby consent to the use in this Registration Statement on Form S-1, amendment No 2, of IntelGenx Technologies Corp. of our report dated March 28, 2017 relating to our audits of financial statements of IntelGenx Technologies Corp. as of and for the years ended December 31, 2016 and 2015.

Richter LLP (Signed) ¹

Montréal, Québec
Canada
June 29, 2017

¹ CPA auditor, CA, public accountancy permit No. A112505

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