STRATEGIC LEADERSHIP AGREEMENT

THIS AGREEMENT is made as of the 3rd day of December, 2004

BETWEEN:

PHARMAGAP INC. a corporation incorporated under the laws of Canada (hereinafter referred to as "**PharmaGap**")

- and -

SC STORMONT INC.
incorporated under the law of Ontario
(hereinafter referred to as "**Stormont**")

- and -

RODERICK M. BRYDEN
of the City of Ottawa, in the Province of Ontario
(hereinafter referred to as "**Bryden**")

WHEREAS PharmaGap is a biotechnology company with a core focus on developing novel therapeutic compounds to treat cancer, using a research platform that targets the modulation of gap junction-mediated intercellular communication, and also has developed innovative cell-based assays and models designed for compound screening for drug development and for immune-system profiling in animals and humans;

AND WHEREAS the shares of PharmaGap are traded on the TSX Venture Exchange, and PharmaGap has publicly disclosed many details of its structure, operations, and financial condition through SEDAR, and PharmaGap has provided Stormont with additional information and access to records and consultation with its key employees;

AND WHEREAS Stormont is satisfied that it has received all information it requires for entering into this Agreement, either through public documents or as responses to inquiries it has made to PharmaGap;

AND WHEREAS PharmaGap requires strategic guidance, executive leadership and assistance in raising capital;

AND WHEREAS Stormont has employees with knowledge, expertise, skills, reputation, and business connections that can provide PharmaGap with its required executive leadership and assistance in raising capital;

NOW THEREFORE in consideration of the mutual covenants herein and other good and valuable consideration, it is agreed by and between the parties hereto as follows:

1. **Directorship**. The Board of Directors (the "**Board**") of PharmaGap shall exercise the authority given to it at the last Annual General Meeting of PharmaGap to appoint Bryden as a director of the Corporation, to hold office until the next Annual General Meeting. Bryden agrees to accept that appointment, and to execute a "Director's Continuing Consent To Act and To Telephone Meetings" in the form set out in Exhibit A to this Agreement, and to submit a Personal Information Form to the TSX Venture Exchange. This Agreement is conditional on, and shall not take effect until, Bryden is appointed to be, and has accepted to be, a director. If this Agreement does not take effect because of the condition in this Section, no party shall have any liability to any other party.

2. **Chairmanship**. Stormont advises the Board that the current chairman should continue to hold office. However, Bryden agrees to stand for election as Chairman of the Board if requested at any meeting of the Board before or at the next Annual General Meeting.

3. **Strategic Guidance.** Bryden, as Chairman or Director, shall participate personally and fully in the strategic direction of PharmaGap and shall be available to advise and assist in the execution of the business plan, as approved by the Board.

4. **President.** Stormont shall provide an employee of Stormont to be appointed President and Chief Executive Officer (the "**CEO**") of PharmaGap, subject to the approval of the Board. The CEO provided by Stormont shall be a part-time position, but on a monthly-averaged basis the incumbent shall devote not less than one-third of the customary full time of a senior executive. Except as explicitly provided in this Agreement, Stormont shall be responsible for all salary, fringe benefits, expenses, and insurance relating to the CEO, and shall also be covered by any Directors and Officers Insurance obtained by PharmaGap. Initially, the CEO shall be Robert C. McInnis. The Board may decide at any time to replace the CEO with another person provided by Stormont, or with a person not associated with Stormont. If the Board decides to replace the CEO, PharmaGap shall not for that reason have any liability to Stormont, and Stormont shall defend and indemnify PharmaGap in relation to any claims made by a former CEO that had been provided by Stormont.

5. **Senior Executives.** PharmaGap shall accept the resignation, or else terminate the appointment, of the current Managing Director. PharmaGap shall appoint a Chief Operating Officer ("**COO**") and the Chief Scientific Officer ("**CSO**"), both of whom will report to the CEO, who will report to the Board. All Research and Development activities of PharmaGap shall be carried out under management and executives reporting to the CSO. All other activities of the Corporation, including financial management, shall be carried out under management and executives reporting to the COO. PharmaGap acknowledges its intention, but does not make it a term or condition of this Agreement, that it will appoint the following officers:

(a) Executive Vice-President and Chief Operating Officer (full-time): Simon Goulet;

(b) Chief Scientific Officer (full-time): Jenny Phipps;

(c) Chief Financial Officer (part-time): Gerald J. Leahy.

6. **Fees.** PharmaGap shall pay Stormont up to $30,000 per month in arrears, as follows:

(a) $10,000 for each month in which Stormont provides a CEO, with payment due by the 15th of day of each month following the month in which the fee was earned;

PLUS

(b) $20,000 for each month, cumulative but with payment deferred without interest until the end of each fiscal quarter year, at which time the accumulated amount shall either be:

(i) paid to Stormont by the 15th of day of the following month, or

(ii) waived, forgiven and written off by both parties, if the financial statements of PharmaGap disclose cash or equivalents less than PharmaGap's forecast of cash required for normal operations in the following quarter, net of tax credits receivable in cash in that quarter.

7. **Expenses.** PharmaGap shall reimburse Stormont for as follows:

(a) $4,000 per month in arrears, payable by the 15th of day of each month following the month in which the fee was earned, for office facilities and support services;

(b) out of pocket expenses incurred by Stormont in delivery of services to PharmaGap, in such amounts and with such evidence as would apply to expenses incurred by executives of PharmaGap who are not Stormont employees, payable on a monthly basis within 15 days after receiving a statement of expenses and evidence.

8. **Interest**. PharmaGap shall pay Stormont interest at the rate of ten percent (10%) per annum compounded monthly on overdue amounts from the date when payment is due until the date it is received by Stormont.

9. **Termination.** This Agreement shall become effective, subject to fulfilment of required conditions, on December 1, 2004. This Agreement shall expire on November 30, 2005, but shall be automatically extended in one-year increments unless either PharmaGap or Stormont gives one clear month's notice of termination. The Board may terminate this Agreement, or any extension of this Agreement, by giving Stormont one clear month's notice in writing and paying all amounts owing to Stormont by PharmaGap at the effective date of termination. For the purpose of calculating amounts owing as deferred payments, the date of termination shall be treated as if it is the end of a fiscal quarter.

General Conditions

10. **Time**. Time shall be of the essence hereof.

11. **Entire Agreement.** This Agreement constitutes the entire agreement between the parties pertaining to the subject matter of this Agreement and supersedes all prior agreements, understandings, negotiations and discussions, whether oral or written. There are no conditions, warranties, representations or other agreements between the parties in connection with the subject matter of this Agreement (whether

oral or written, express or implied, statutory or otherwise) except as specifically set out in this Agreement. No amendment of this Agreement is valid unless in writing and signed by the parties hereto.

12. **Notices.** Any notice or other writing required or permitted to be given hereunder or for the purposes hereof shall be in writing and shall be sufficiently given if delivered, sent by prepaid overnight express service or courier or transmitted by facsimile:

in the case of a notice to PharmaGap, at:
100 Sussex Drive
Ottawa, Ontario K1A 0R6

in the case of a notice to Stormont, at:
255 Albert Street, Suite 500
Ottawa, Ontario K1P 6A9

and a copy of every notice to either party shall be sent to
Blake, Cassels & Graydon LLP
Attention: Alan Blackwell
20th Floor, 45 O'Connor Street
Ottawa, Ontario, K1P 1A4

until further notice. Any notice delivered to the party to whom it is addressed as hereinbefore provided shall be deemed to have been given and received on the day it is so delivered at such address, provided that if it was not received during business hours then the notice shall be deemed to have been given and received on the Business Day next following such day. Any notice sent by overnight express or courier service as aforesaid shall be deemed to have been given and received on the first Business Day after the sending thereof. Any notice transmitted by facsimile or other form of recorded communication shall be deemed to have been given and received on the first Business Day after its transmission. The term "**Business Day**" in this Agreement shall mean any day except Saturday, Sunday or any day on which banks are generally not open for business in the City of Ottawa, Ontario.

13. **Further Assurances.** Each party will promptly do, execute, deliver or cause to be done, executed and delivered all further acts, documents and things in connection with this Agreement that the other party may reasonably require, for the purposes of giving effect to this Agreement.

14. **Severability**. If any provision of this Agreement is determined to be invalid or unenforceable in whole or in part, such invalidity or unenforceability shall attach only to such provision or part thereof and the remaining part of such provision and all other provisions hereof shall continue in full force and effect.

15. **Governing Law.** This Agreement shall be governed by and construed in accordance with the laws of the Province of Ontario and the laws of Canada applicable therein.

16. **Successors and Assigns. T**his Agreement shall enure to the benefit of and be binding upon the parties and their respective heirs, executors and administrators, with the exception that performance by Bryden shall cease upon his death. Stormont shall not assign or transfer, whether absolutely, by way of security or otherwise, all or any part of its rights or obligations under this Agreement without the prior written consent of PharmaGap.

17. **Counterparts and Facsimile.** This Agreement may be executed by the parties in any number of separate counterparts each of which, when so executed and delivered, shall be an original, but

all such counterparts shall together constitute one and the same instrument. Counterparts may be executed either in original or faxed form and the parties adopt any signatures received by a receiving fax machine as original signatures of the parties, provided, however that any party providing its signature in such manner shall promptly forward to the other party an original of the signed copy of this Agreement which was so faxed.

18. Legal Advice. This Agreement was prepared by counsel to PharmaGap Inc., who have not provided legal advice to other parties. The other parties acknowledge that they have each been advised to obtain independent advice on all legal matters concerning this Agreement, including tax and creditors' rights, and to conduct their own independent investigations with respect to the transactions contemplated in this Agreement.

IN WITNESS WHEREOF this Agreement has been executed by the parties hereto as of the date first written above.

Witness	Roderick M. Bryden

STORMONT INC.

Per:____________________ c/s
Roderick M. Bryden (Chairman)

PHARMAGAP INC.

Per:____________________
Daniel Larkin (Chairman)

c/s

Per ____________________
Jenny Phipps (Managing Director)

EXHIBIT A

DIRECTOR'S CONTINUING CONSENT TO ACT AND TO TELEPHONE MEETINGS

TO: PHARMAGAP INC.

I hereby consent to act as a director of the above Corporation. I also hereby consent pursuant to the provisions of the by-laws of the above Corporation to the holding of meetings of the board of directors or of any committee of the board of directors by means of a conference telephone or other communications equipment by means of which all persons participating in the meeting can hear each other. These consents shall continue in effect from year to year so long as I am re-elected to the board, but in the event I revoke the same or resign from the board, these consents shall cease to have effect from the effective date of such revocation or resignation.

I hereby certify that I am a resident Canadian within the meaning of the *Canada Business Corporations Act* and agree to advise the Corporation forthwith upon my ceasing to be a resident Canadian.

DATED as of the 3rd day of December, 2004.

Roderick M. Bryden