

*This short form base shelf prospectus has been filed under legislation in each of the provinces of British Columbia, Alberta, Saskatchewan, Manitoba, Ontario, Nova Scotia, New Brunswick, Prince Edward Island and Newfoundland & Labrador that permits certain information about these securities to be determined after this prospectus has become final and that permits the omission from this prospectus of that information. The legislation requires the delivery to purchasers of a prospectus supplement containing the omitted information within a specified period of time after agreeing to purchase any of these securities.*

*No securities regulatory authority has expressed an opinion about these securities and it is an offence to claim otherwise. This short form prospectus constitutes a public offering of these securities only in those jurisdictions where they may be lawfully offered for sale and therein only by persons permitted to sell such securities. These securities have not been and will not be registered under the United States Securities Act of 1933, as amended (the “U.S. Securities Act”) or any state securities laws. Accordingly, these securities may not be offered or sold in the United States (as such term is defined in Regulation S under the U.S. Securities Act) except pursuant to transactions exempt from registration under the U.S. Securities Act and under the securities laws of any applicable state. This short form prospectus does not constitute an offer to sell or a solicitation of an offer to buy any of these securities in the United States. See “Plan of Distribution”.*

*Information has been incorporated by reference in this short form prospectus from documents filed with securities commissions or similar authorities in Canada. Copies of the documents incorporated herein by reference may be obtained on request without charge from the Chief Financial Officer of Appili Therapeutics Inc. at #21 - 1344 Summer Street, Suite 415, Halifax, Nova Scotia B3H 0A8, Telephone (902) 442-4655, and are also available electronically at [www.sedar.com](http://www.sedar.com).*

## SHORT FORM BASE SHELF PROSPECTUS

New Issue

September 19, 2019



**Appili Therapeutics Inc.**  
**\$50,000,000**

**Class A Common Shares**  
**Class B Common Shares**  
**Preferred Shares**  
**Warrants**  
**Units**  
**Subscription Receipts**  
**Debt Securities**

This short form base shelf prospectus (“**Prospectus**”) relates to the offering for sale by Appili Therapeutics Inc. (“**Appili**” or the “**Corporation**”) from time to time, during the 25-month period that this Prospectus, including any amendments thereto, remains valid, of up to \$50,000,000 in the aggregate of: (i) Class A common shares (“**Common Shares**”) in the capital of the Corporation; (ii) Class B non-voting common shares in the capital of the Corporation (“**Non-Voting Shares**”); (iii) preferred shares in the capital of the Corporation (the “**Preferred Shares**”); (iv) warrants (“**Warrants**”) to purchase other Securities (as defined below) of Appili; (v) units (“**Units**”) comprising of one or more of the other Securities; (vi) subscription receipts (“**Subscription Receipts**”); and (vii) debt securities of the Corporation (the “**Debt Securities**” and together with the Common Shares, Non-Voting Shares, Preferred Shares, Warrants, Units and Subscription Receipts, collectively referred to herein as the “**Securities**”). The Securities may be offered separately or together, in amounts, at prices and on terms determined based on market conditions at the time of the sale and as set forth in an accompanying prospectus supplement (a “**Prospectus Supplement**”).

All shelf information permitted under applicable laws to be omitted from this Prospectus will be contained in one or more Prospectus Supplements that will be delivered to purchasers together with this Prospectus. Each Prospectus Supplement containing the specific terms of any Securities will be incorporated by reference into this Prospectus for the purposes of securities legislation as of the date of the Prospectus Supplement and only for the purposes of the distribution of the Securities to which the Prospectus Supplement pertains.

The specific terms of any Securities offered will be described in a Prospectus Supplement, including, where applicable: (i) in the case of Common Shares, the number of Common Shares offered, the offering price (in the event the offering is a fixed price distribution), the manner of determining the offering price(s) (in the event the offering is a non-fixed price distribution) and any other specific terms; (ii) in the case of Non-Voting Shares, the number of Non-Voting Shares offered, the offering price (in the event the offering is a fixed price distribution), the manner of determining the offering price(s) (in the event the offering is a non-fixed price distribution) and any other specific terms; (iii) in the case of Preferred Shares, the number of Preferred Shares offered, the rights attached to such Preferred Shares, the offering price (in the event the offering is a fixed price distribution), the manner of determining the offering price(s) (in the event the offering is a non-fixed price distribution) and any other specific terms; (iv) in the case of Warrants, the number of Warrants being offered, the offering price (in the event the offering is a fixed price distribution), the manner of determining the offering price(s) (in the event the offering is a non-fixed price distribution), the designation, number and terms of the other Securities purchasable upon exercise of the Warrants, and any procedures that will result in the adjustment of those numbers, the exercise price, the dates and periods of exercise and any other specific terms; (v) in the case of Units, the number of Units offered, the offering price, the designation, number and terms of the other Securities comprising the Units, and any other specific terms; (vi) in the case of Subscription Receipts, the number of Subscription Receipts being offered, the offering price (in the event the offering is a fixed price distribution), the manner of determining the offering price(s) (in the event the offering is a non-fixed price distribution), the terms, conditions and procedures for the conversion of the Subscription Receipts into other Securities, the designation, number and terms of such other Securities, and any other specific terms; and (vii) in the case of Debt Securities, the designation of the Debt Securities, the aggregate principal amount of the Debt Securities being offered, the currency or currency unit in which the Debt Securities may be purchased, authorized denominations, whether payment on the Debt Securities will be senior or subordinated to the Corporation's other liabilities and obligations, the nature and priority of any security for the Debt Securities, any limit on the aggregate principal amount of the Debt Securities of the series being offered, the issue and delivery date, the maturity date, the offering price (at par, discount or at a premium), the interest rate or method of determining the interest rate, the interest payment date(s), any conversion or exchange rights that are attached to the Debt Securities, any redemption provisions, any repayment provisions, any arrangements with the trustee for the Debt Securities and any other specific terms. A Prospectus Supplement relating to a particular offering of Securities may include terms pertaining to the Securities being offered thereunder that are not within the terms and parameters described in this Prospectus.

The Corporation may offer and sell the Securities to or through underwriters or dealers purchasing as principals, and may also sell directly to one or more purchasers or through agents or pursuant to applicable statutory exemptions. See "*Plan of Distribution*". The Prospectus Supplement relating to a particular offering of Securities will identify each underwriter, dealer or agent, as the case may be, engaged by Appili in connection with the offering and sale of the Securities, and will set forth the terms of the offering of such Securities, including, to the extent applicable, any fees, discounts or any other compensation payable to underwriters, dealers or agents in connection with the offering, the method of distribution of the Securities, the initial issue price (in the event that the offering is a fixed price distribution), the proceeds that Appili will receive and any other material terms of the plan of distribution.

The Securities may be sold from time to time in one or more transactions at a fixed price or prices or at non-fixed prices. If offered on a non-fixed price basis, the Securities may be offered at market prices prevailing at the time of sale, at prices determined by reference to the prevailing price of a specified security in a specified market or at prices to be negotiated with purchasers, in which case the compensation payable to an underwriter, dealer or agent in connection with any such sale will be decreased by the amount, if any, by which the aggregate price paid for the Securities by the purchasers is less than the gross proceeds paid by the underwriter, dealer or agent to Appili. The price at which the Securities will be offered and sold may vary from purchaser to purchaser and during the period of distribution.

In connection with any offering of Securities, the underwriters, dealers or agents, as the case may be, may over-allot or effect transactions which stabilize, maintain or otherwise affect the market price of the Securities at a level other than those which otherwise might prevail on the open market. Such transactions may be commenced, interrupted or discontinued at any time. See "*Plan of Distribution*".

The Common Shares trade on the TSX Venture Exchange (the "**TSXV**") under the symbol "**APLI**". On September 18, 2019, the last trading day prior to the date of this Prospectus, the closing price of the Common Shares on the

TSXV was \$0.48. The offering of any securities under this Prospectus and any Prospectus Supplement is subject to approval of certain legal matters on behalf of Appili by Dentons Canada LLP.

**Unless otherwise specified in the applicable Prospectus Supplement, each series or issue of Securities (other than Common Shares) will be a new issue of Securities with no established trading market. Accordingly, there is currently no market through which the Securities (other than Common Shares) may be sold and purchasers may not be able to resell such Securities purchased under this Prospectus. This may affect the pricing of such Securities in the secondary market, the transparency and availability of trading prices, the liquidity of such Securities and the extent of issuer regulation. See “*Risk Factors*”.**

**Prospective investors should be aware that the purchase of Securities may have tax consequences that may not be fully described in this Prospectus or in any Prospectus Supplement, and should carefully review the tax discussion, if any, in the applicable Prospectus Supplement and in any event consult with a tax adviser.**

**An investment in the Securities is subject to a number of risks. See “*Risk Factors*” for a more complete discussion of these risks.**

**No person is authorized by Appili to provide any information or to make any representation other than as contained in this Prospectus in connection with the issue and sale of the Securities offered hereunder.**

**No underwriter has been involved in the preparation of this Prospectus or performed any review of the contents hereof.**

**The Corporation is not making an offer of the Securities in any jurisdiction where such offer is not permitted.**

Directors and officers of the Corporation residing outside of Canada have appointed the Corporation as agent for service of process. Purchasers are advised that it may not be possible for investors to enforce judgments obtained in Canada against any person or company that resides outside of Canada, even if the party has appointed an agent for service of process.

Appili’s head office is located at #21 - 1344 Summer Street, Halifax, Nova Scotia B3H 0A8 and its registered office is located at 77 King Street West, Suite 400, Toronto-Dominion Centre Toronto, ON M5K 0A1 Canada.

## TABLE OF CONTENTS

ABOUT THIS PROSPECTUS.....	1
MARKET AND INDUSTRY DATA.....	2
DOCUMENTS INCORPORATED BY REFERENCE .....	3
ABOUT APPILI.....	4
CONSOLIDATED CAPITALIZATION .....	7
EARNINGS COVERAGE RATIOS .....	7
DESCRIPTION OF SECURITIES.....	7
Description of Common Shares .....	7
Description of Non-Voting Shares .....	7
Description of Preferred Shares .....	8
Description of Warrants .....	8
Description of Units .....	9
Description of Subscription Receipts .....	10
Description of Debt Securities .....	10
PRIOR SALES .....	12
TRADING PRICE AND VOLUME .....	12
DIVIDENDS .....	13
USE OF PROCEEDS .....	13
PLAN OF DISTRIBUTION.....	13
CERTAIN CANADIAN FEDERAL INCOME TAX CONSIDERATIONS.....	14
RISK FACTORS .....	14
TRANSFER AGENT AND REGISTRAR.....	16
AUDITORS.....	16
EXPERTS.....	16
PURCHASERS' STATUTORY AND CONTRACTUAL RIGHTS .....	16
CERTIFICATE OF THE CORPORATION.....	C-1

## ABOUT THIS PROSPECTUS

**Prospective investors should rely only on the information contained in or incorporated by reference in this Prospectus or any applicable Prospectus Supplement. References to this “Prospectus” include documents incorporated by reference herein. Appili has not authorized anyone to provide any information that is different. The information in or incorporated by reference into this Prospectus is current only as of the date of this Prospectus or the date on the front of such other documents. It should not be assumed that the information contained in this Prospectus is accurate as of any other date. Appili is not making an offer of these Securities in any jurisdiction where the offer is not permitted by law.**

Before purchasing any Securities, prospective investors should carefully read both this Prospectus and any accompanying Prospectus Supplement prepared by Appili, together with the additional information described under the headings “Documents Incorporated by Reference”.

When used in this Prospectus and in any Prospectus Supplement, the terms “Appili” and “the Corporation” refer to Appili Therapeutics Inc. and its subsidiaries, unless otherwise specified or the context otherwise requires. The term “management” in this Prospectus means those persons acting, from time to time, in the capacities of executive officers of Appili. Any statements in this Prospectus made by or on behalf of management are made in such persons’ capacities as officers of Appili and not in their personal capacities.

Appili may, from time to time, sell any combination of the Securities described in this Prospectus in one or more offerings up to an aggregate amount of \$50,000,000. This Prospectus provides a general description of the Securities that Appili may offer. All information permitted under applicable laws to be omitted from this Prospectus will be contained in one or more Prospectus Supplements that will be delivered to purchasers together with this Prospectus. Each Prospectus Supplement will be incorporated by reference into this Prospectus for the purposes of securities legislation as of the date of the Prospectus Supplement and only for the purposes of the distribution of those Securities to which the Prospectus Supplement permits.

In this Prospectus and any Prospectus Supplement, all dollar amounts are in Canadian dollars unless otherwise indicated.

## FORWARD-LOOKING AND OTHER STATEMENTS

This Prospectus contains forward-looking statements or forward-looking information (collectively, “**forward-looking statements**”) under applicable Canadian securities legislation including, without limitation, statements containing the words “believe,” “may,” “plan,” “will,” “estimate,” “continue,” “anticipate,” “intend,” “expect,” “predict,” “project,” “potential,” “continue,” “ongoing” or the negative or grammatical variations of these terms or other comparable terminology, although not all forward-looking statements contain these words and similar expressions. Forward-looking statements are necessarily based on estimates and assumptions made by the Corporation in light of the Corporation’s experience and perception of historical trends, current conditions and expected future developments, as well as the factors the Corporation believes are appropriate. Forward-looking statements in this Prospectus include, but are not limited to, statements relating to:

- the Corporation’s ability to maintain the listing of its Common Shares on the TSXV;
- the Corporation’s strategy;
- the sufficiency of the Corporation’s financial resources to support its activities;
- potential sources of funding;
- the Corporation’s ability to obtain necessary funding on favourable terms or at all;
- the Corporation’s expected expenditures and accumulated deficit level;
- the Corporation’s outcomes from ongoing and future research and research collaborations;
- the Corporation’s exploration of opportunities to maximize shareholder value as part of the ordinary course of the Corporation’s business through collaborations, strategic partnerships and other transactions with third parties;
- the Corporation’s plans for the research and development (“**R&D**”) of certain product candidates;

- the Corporation's strategy for protecting its intellectual property;
- the Corporation's ability to identify licensable products or research suitable for licensing and commercialization;
- the Corporation's ability to obtain licenses on commercially reasonable terms;
- the Corporation's plans for generating revenue;
- the Corporation's plans for future clinical trials; and
- the Corporation's ability to hire and retain skilled staff.

Such statements reflect the Corporation's current views with respect to future events, are subject to risks and uncertainties and are necessarily based upon a number of estimates and assumptions that, while considered reasonable by Appili as of the date of such statements, are inherently subject to significant medical, scientific, business, economic, competitive, political and social uncertainties and contingencies. Many factors could cause the Corporation's actual results, performance or achievements to be materially different from any future results, performance, or achievements that may be expressed or implied by such forward-looking statements. In making the forward-looking statements included in this Prospectus, the Corporation has made various material assumptions, including but not limited to (i) obtaining positive results of clinical trials; (ii) obtaining regulatory approvals; (iii) general business and economic conditions; (iv) the Corporation's ability to successfully out-license or sell its current products and in-license and develop new products; (v) the availability of financing on reasonable terms; (vi) the Corporation's ability to attract and retain skilled staff; (vii) market competition; (viii) the products and technology offered by the Corporation's competitors; and (ix) the Corporation's ability to protect patents and proprietary rights.

In evaluating forward-looking statements, current and prospective shareholders should specifically consider various factors, including risks related to:

- limited operating history and early stage of development;
- identifying, developing and commercializing product candidates;
- regulatory risks;
- market competition;
- the Corporation's dependence on third parties;
- clinical trial risks;
- third party manufacturing and supplier risks;
- the ownership and protection of intellectual property;
- litigation and product liability risks;
- employee matters and managing growth;
- ownership of the Corporation's securities; and
- the other risks discussed under the heading "*Risk Factors*".

Should one or more of these risks or uncertainties, or a risk that is not currently known to the Corporation, materialize, or should assumptions underlying those forward-looking statements prove incorrect, actual results may vary materially from those described herein. These forward-looking statements are made as of the date of this Prospectus and the Corporation does not intend, and do not assume any obligation, to update these forward-looking statements, except as required by applicable securities laws. Investors are cautioned that forward-looking statements are not guarantees of future performance and are inherently uncertain. Accordingly, investors are cautioned not to put undue reliance on forward-looking statements.

## **MARKET AND INDUSTRY DATA**

Market and industry data presented in this Prospectus was obtained from third party sources, industry reports, journals, studies and publications, websites and other publicly available information, as well as industry and other data prepared by the Corporation or on the Corporation's behalf on the basis of the Corporation's knowledge of the health care industry, markets and economies (including Appili's opinions, estimates and assumptions relating to such industry, markets and economies based on that knowledge).

Certain statistical information and market research contained in this Prospectus, such as the results of studies or surveys, are based on surveys or studies conducted by independent third parties. The Corporation believes that the industry, market and economic data presented throughout this Prospectus is accurate and, with respect to data prepared by the Corporation or on the Corporation's behalf, that the Corporation's opinions, estimates and assumptions are currently appropriate and reasonable, but there can be no assurance as to the accuracy or completeness thereof. The accuracy and completeness of the industry, market and economic data presented throughout this Prospectus are not guaranteed. Actual outcomes may vary materially from those forecasted in such reports or publications, and the likelihood for material variation can be expected to increase as the length of the forecast period increases. Although the Corporation believes it to be reliable, the Corporation has not independently verified any of the data from third party sources referred to in this Prospectus, analyzed or verified the underlying studies or surveys relied upon or referred to by such sources, or ascertained the underlying industry, market, economic and other assumptions relied upon by such sources. Industry, market and economic data is subject to variations and cannot be verified due to limits on the availability and reliability of data inputs, the voluntary nature of the data gathering process and other limitations and uncertainties inherent in any statistical survey.

### **DOCUMENTS INCORPORATED BY REFERENCE**

**Information has been incorporated by reference in this Prospectus from documents filed with or delivered to securities commissions or similar authorities in the provinces of British Columbia, Alberta, Saskatchewan, Manitoba, Ontario, Nova Scotia, New Brunswick, Prince Edward Island and Newfoundland & Labrador.** Copies of the documents incorporated herein by reference or a copy of the permanent information record may be obtained on request without charge from the Chief Financial Officer of Appili at #21 - 1344 Summer Street, Suite 415, Halifax, Nova Scotia B3H 0A8 or by accessing the disclosure documents available through the Internet on the System for Electronic Document Analysis and Retrieval ("**SEDAR**"), which can be accessed at [www.sedar.com](http://www.sedar.com).

As at the date hereof, the following documents of Appili, filed with or delivered to the securities commissions or similar authorities in each of the provinces of British Columbia, Alberta, Saskatchewan, Manitoba, Ontario, Nova Scotia, New Brunswick, Prince Edward Island and Newfoundland & Labrador, are specifically incorporated by reference into and form an integral part of this Prospectus, provided that such documents are not incorporated by reference to the extent that their contents are modified or superseded by a statement contained in this Prospectus or in any other subsequently filed document that is also incorporated by reference in the Prospectus, as further described below:

- (a) the annual information form of Appili dated July 3, 2019 for the year ended March 31, 2019 (the "**AIF**");
- (b) the audited financial statements of Appili for the years ended March 31, 2019, together with the notes thereto and the independent auditor's report thereon;
- (c) management's discussion and analysis of Appili for the year ended March 31, 2019;
- (d) the unaudited interim financial statements of Appili for the three month period ended June 30, 2019;
- (e) the management discussion and analysis of Appili for the three month period ended June 30, 2019; and
- (f) the management information circular dated August 22, 2019 regarding the annual and special meeting of shareholders of Appili to be held on September 26, 2019.

**Any document of the type referred to in the preceding paragraph (excluding confidential material change reports), and all other documents of the type required by National Instrument 44-101 - *Short Form Prospectus Distributions* of the Canadian Securities Administrators to be incorporated by reference in this Prospectus, filed by Appili with a securities commission or similar regulatory authority in Canada after the date of this Prospectus and prior to the termination of any offering of Securities hereunder shall be deemed to be incorporated by reference into this Prospectus.**

**Any statement contained herein or in a document incorporated or deemed to be incorporated by reference herein shall be deemed to be modified or superseded, for purposes of this Prospectus, to the extent that a statement contained herein or in any other subsequently filed document that also is or is deemed to be incorporated by reference herein modifies or supersedes that statement. Any such modifying or superseding statement need not state that it has modified or superseded a prior statement or include any other information set forth in the document that it modifies or supersedes. The making of a modifying or superseding statement shall not be deemed an admission for any purposes that the modified or superseded statement, when made, constituted a misrepresentation, an untrue statement of a material fact or an omission to state a material fact that is required to be stated or that is necessary to make a statement not misleading in light of the circumstances in which it was made. Any statement so modified or superseded shall not be considered in its unmodified or superseded form to constitute part of this Prospectus; rather only such statement as so modified or superseded shall be considered to constitute part of this Prospectus.**

Upon a new annual information form and the related annual financial statements being filed by Appili with, and where required, accepted by, the applicable securities regulatory authorities during the currency of this Prospectus, the previous annual information form, including all amendments thereto, the previous annual financial statements and all interim unaudited financial statements (including any management's discussion and analysis related thereto), material change reports and information circulars filed prior to the commencement of the fiscal year in which the new annual information is filed, shall no longer be deemed to be incorporated into this Prospectus for purposes of future offers and sales of Securities hereunder.

**A Prospectus Supplement containing the specific terms of any Securities offered thereunder will be delivered to purchasers of such Securities together with this Prospectus to the extent required under applicable securities laws and will be deemed to be incorporated by reference into this Prospectus as of the date of such Prospectus Supplement solely for the purposes of the Securities offered hereunder and thereunder.**

In addition, certain "marketing materials" (as that term is defined in applicable Canadian securities legislation) may be used in connection with a distribution of Securities under this Prospectus and the applicable Prospectus Supplement(s). Any "template version" of "marketing materials" (as those terms are defined in applicable Canadian securities legislation) pertaining to a distribution of Securities, and filed by Appili after the date of the Prospectus Supplement for the distribution and before termination of the distribution of such Securities, will be deemed to be incorporated by reference in that Prospectus Supplement for the purposes of the distribution of Securities to which the Prospectus Supplement pertains.

## **ABOUT APPILI**

**The following is a summary of information pertaining to Appili and does not contain all the information about Appili that may be important to prospective investors. Prospective investors should read the more detailed information including, but not limited to, the AIF, financial statements and related notes, that are incorporated by reference into and are considered to be a part of this Prospectus.**

### **General**

The Corporation was incorporated under the name "Appili Therapeutics Inc." pursuant to the *Companies Act* (Nova Scotia) on May 7, 2015. The Corporation's articles of association were amended on July 10, 2015 to allow for the issuance of uncertificated securities. On November 15, 2018, the Corporation was continued as a federal corporation under the provisions of the *Canada Business Corporations Act* ("CBCA"). The articles of continuance of the Corporation (the "**Articles**") filed in connection with such continuance contained provisions amending the existing authorized capital of the Corporation to permit the issuance of: (a) an unlimited number of Non-Voting Shares; and (b) an unlimited number of Preferred Shares, issuable in series, with such rights, privileges, restrictions and conditions as the board of directors of the Corporation (the "**Board**") may determine from time to time. On May 3, 2019, the Corporation amended the Articles to subdivide the Common Shares on the basis of 3.86 post-subdivision Common Shares for each one pre-subdivision Common Share (the "**Share Split**").

The Common Shares trade on the TSXV under the symbol “APLI”. On September 18, 2019, the last trading day prior to the date of this Prospectus, the closing price of the Common Shares on the TSXV was \$0.48.

Appili’s head office is located at #21 - 1344 Summer Street, Halifax, Nova Scotia B3H 0A8 and its registered office is located at 77 King Street West, Suite 400, Toronto-Dominion Centre Toronto, ON M5K 0A1 Canada.

## **Corporate Structure**

Appili has no subsidiaries.

## **Summary Description of Business**

Appili is a pharmaceutical company focused on the acquisition and development of novel treatments targeting unmet needs in infectious disease. Since incorporation in 2015, the Corporation has been focused on building and advancing a diverse portfolio of anti-infective programs. Key activities have included the acquisition and development of novel technologies, the development of strategic partnerships, targeted hiring and building out drug development capabilities, securing intellectual property, and raising funds through equity capital raises and non-dilutive funding mechanisms.

The Corporation’s anti-infective portfolio currently includes three major programs, described below: ATI-1501, ATI-1503 and ATI-1701.

### *ATI-1501*

Appili’s founding R&D program is focused on the development of ATI-1501, a taste-masked liquid oral suspension formulation of an antibiotic, metronidazole. The program was conceived and initiated during the first quarter of 2015 in consultation with infectious disease experts at Bloom Burton Development Corporation and key opinion leaders in gastrointestinal infectious disease.

Metronidazole is a front-line antibiotic for the treatment of anaerobic bacterial and parasitic infections (Quintiles 2016, Solomkin 2010, Flagyl® FDA Label 2018). In many jurisdictions including the United States and Canada, oral metronidazole is only available in solid form. Metronidazole also has a strong bitter, metallic taste that may reduce patient adherence to treatment, especially in elderly and pediatric patients with difficulty swallowing. These patients must typically crush the tablets to ingest them, which exacerbates the bitter taste profile of the drug. ATI-1501 is aimed at making it easier for patients with difficulties swallowing and sensitivity to taste to take metronidazole, supporting adherence and clinical outcomes.

Since the primary commercialization focus for ATI-1501 is the United States market, ATI-1501 must be approved by the United States Food and Drug Administration (“FDA”). Since ATI-1501 is a reformulation of an already approved pharmaceutical product, the Corporation expects it to qualify for FDA approval pursuant to Section 505(b)(2) of the US Federal Food, Drug and Cosmetic Act. Appili completed a single bioavailability/bioequivalence trial with oral metronidazole tablets as comparator and released the clinical trial results in July 2018, which included results from a total of 44 healthy adults 18 to 63 years of age. In addition, Appili completed a taste test study comparing ATI-1501 with crushed metronidazole suspended in applesauce, which resulted in Appili’s ATI-1501 formulation demonstrating meaningful and statistically significant improvements across all palatability measures.

With clinical development complete, the next major development milestones for ATI-1501 are evaluating formulation options to maximize product stability and shelf-life and the filing of a new drug application (“NDA”) with the FDA. Approval of the NDA is required for a drug to be marketed in the United States. The NDA must include Appili’s clinical data demonstrating the product is safe and effective, as well as certain additional components. The Corporation intends to identify a partner to complete development and commercialize ATI-1501 in the United States market. Appili is readying the product for the partner to complete manufacturing and NDA filing. Partnering discussions are ongoing.

### ATI-1503

The ATI-1503 program encompasses efforts to develop a new class of Gram-negative targeting antibiotics. The ATI-1503 program is building off the molecular structure of negamycin, a naturally occurring compound that can kill Gram-negative bacteria, with multiple attractive drug-like properties that support its development. Negamycin has a novel, well-characterized mechanism of action, activity against a wide range of Gram-negative bacteria, including US Centre for Disease Control (“CDC”) priority pathogens *Enterobacteriaceae*, *Acinetobacter* and *Pseudomonas*, with favourable pharmacokinetic properties (Guo 2015, McKinney 2015, Olivier 2014, Polikanov 2014).

The ATI-1503 development team is now working on two novel, structurally distinct lead series based on the negamycin scaffold, each of which has exhibited over 10-fold increases in antibiotic activity compared to the original negamycin compound. These lead compounds now have low, single digit MICs against multiple species of *Enterobacteriaceae*, including CDC top priority pathogen carbapenem-resistant *Enterobacteriaceae*, as well as drug resistant *Acinetobacter* species. These most promising compounds continue to advance through Appili’s structured preclinical assessment process, which includes multiple *in vivo* efficacy animal models, safety screening, and pharmacokinetic profiling.

Characterization of *in vivo* toxicology is currently ongoing. Compounds that successfully complete this preclinical development process may be nominated as clinical candidates for investigational new drug enabling studies. While Appili aims to identify a preclinical lead in 2020, the Corporation recognizes that the negamycin compound may have the potential to yield multiple derivative compounds with distinct efficacy, safety, and pharmacokinetic profiles suitable for parallel development. Following nomination of a first clinical candidate, the Corporation may elect to continue pursuing additional optimization activities to produce follow-on compounds with additional clinical value.

ATI-1503 activities have been and are continuing to be funded with Appili’s current resources and grant funding received from the National Research Council of Canada-Industrial Research Assistance Program and the United States government’s Peer Reviewed Medical Research Program.

### ATI-1701

ATI-1701 is a novel, live-attenuated vaccine for *Francisella tularensis* (“*F. tularensis*”). *F. tularensis*, which causes tularemia, is a Category A pathogen which can be aerosolized and is over 1,000 times more infectious than anthrax (PHAC PSDS Anthrax 2011, PHAC PSDS Tularemia 2011). Category A pathogens are those organisms/biological agents that according to the National Institutes of Health pose the highest risk to National Security and public health (NIH website). The signs, symptoms, and prognosis of tularemia depends on the route of infection. Pneumonic tularemia, caused by inhalation of *F. tularensis*, is among the most severe forms of tularemia, causing respiratory issues and difficulty breathing in patients and can be fatal if untreated, (CDC 2018, WHO 2007). Since it is a highly infectious pathogen capable of causing severe illness, *F. tularensis* is a top biodefense priority for the United States and governments around the world.

Appili is developing ATI-1701, a novel, live-attenuated vaccine, that was initially developed by the National Research Council of Canada (“NRC”) and exclusively licensed to Appili. Preliminary studies in mice conducted by the NRC and colleagues have demonstrated 100% survival immunized mice compared to no survival of the mice that were not vaccinated (Conlan 2010, Shen 2010).

Appili and its strategic partners are evaluating the feasibility of developing ATI-1701 under the FDA’s Animal Rule, including the development of suitable experimental models to demonstrate ATI-1701 efficacy. Appili intends to work with the NRC and existing partners to complete the preclinical and clinical testing required under the Animal Rule to evaluate the immunogenicity, efficacy, and safety of the ATI-1701 vaccine and ultimately support the Company’s submission of a Biological License Application for ATI-1701 to the FDA. Good Manufacturing Practices activities have been started and animal work commenced in the first half of 2019, with preliminary non-human primate efficacy data expected in 2020. This will be followed by pivotal animal studies as well as a human safety Phase 1 study.

## **CONSOLIDATED CAPITALIZATION**

There has been no material change in the capitalization of Appili since the date of its most recently filed financial statements, being its unaudited interim financial statements for the three month period ended June 30, 2019.

The applicable Prospectus Supplement will describe any material change, and the effect of such material change, on the share and loan capitalization of the Corporation that will result from the issuance of Securities pursuant to such Prospectus Supplement.

## **EARNINGS COVERAGE RATIOS**

The applicable Prospectus Supplement will provide, as required, the earnings coverage ratios with respect to the issuance of Securities pursuant to such Prospectus Supplement.

## **DESCRIPTION OF SECURITIES**

The following is a brief summary of certain general terms and provisions of the Securities as at the date of this Prospectus. The summary does not purport to be complete and is indicative only. The specific terms of any Securities to be offered under this Prospectus, and the extent to which the general terms described in this Prospectus apply to such Securities, will be set forth in the applicable Prospectus Supplement. Moreover, a Prospectus Supplement relating to a particular offering of Securities may include terms pertaining to the Securities being offered thereunder that are not within the terms and parameters described in this Prospectus.

### **Description of Common Shares**

The following is a brief summary of the material attributes of the Common Shares. This summary does not purport to be complete. For full particulars and additional details on the Common Shares, reference should be made to Appili's articles, a copy of which is available on SEDAR at [www.sedar.com](http://www.sedar.com).

The authorized capital of Appili consists of an unlimited number of Common Shares of which 33,588,947 are issued and outstanding as at the date of this Prospectus. Each Common Share entitles the holder thereof to one vote at any meeting of the Corporation's shareholders. Subject to the rights of the holders of any Preferred Shares, the holders of Common Shares are entitled to receive equally with the holders of the Non-Voting Shares if, as and when declared by the Board, dividends in such amounts as shall be determined by the Board. Subject to the rights of the holders of any Preferred Shares, in the event of the liquidation, dissolution or winding up of the Corporation, whether voluntary or involuntary, the holders of the Common Shares shall be entitled to receive equally with the Non-Voting Shares the remaining property and assets of the Corporation.

### **Description of Non-Voting Shares**

The following is a brief summary of the material attributes of the Non-Voting Shares. This summary does not purport to be complete. For full particulars and additional details on the Non-Voting Shares, reference should be made to Appili's articles, a copy of which is available on SEDAR at [www.sedar.com](http://www.sedar.com).

The authorized capital of Appili consists of an unlimited number of Non-Voting Shares of which nil Non-Voting Shares are issued and outstanding as at the date of this Prospectus. Subject to the rights of the holders of any Preferred Shares, the holders of the Non-Voting Shares shall be entitled to receive equally with the Common Shares, as and when properly declared by the Board, dividends on the Non-Voting Shares at any time outstanding which the directors may determine to declare and pay in any fiscal year of the Corporation. Subject to the rights of the holders of the Preferred Shares, in the event of the liquidation, dissolution or winding up of the Corporation, whether voluntary or involuntary, the holders of the Non-Voting Shares shall be entitled to receive equally with the Common Shares the remaining property and assets of the Corporation. The holders of Non-Voting Shares shall not be entitled to vote at any meeting of the Corporation's shareholders; provided, however, that any amendment to the Articles to delete or vary any right, privilege, restriction or condition attaching to the Non-Voting Shares or to create shares

ranking in priority to or on a parity with the Non-Voting Shares, in addition to the authorization by special resolution, shall be authorized by at least two-thirds of the votes cast at a meeting of the holders of the Common Shares duly called for that purpose.

### **Description of Preferred Shares**

The following is a brief summary of the material attributes of the Preferred Shares. This summary does not purport to be complete. For full particulars and additional details on the Preferred Shares, reference should be made to Appili's articles, a copy of which is available on SEDAR at [www.sedar.com](http://www.sedar.com).

The authorized capital of Appili consists of an unlimited number of Preferred Shares of which nil Preferred Shares are issued and outstanding as at the date of this Prospectus. The Preferred Shares may include one or more series of shares. Subject to the provisions of the CBCA, the directors or the Corporation may, by resolution, if none of the shares of any particular series are issued, alter the Articles to: (a) determine the maximum number of shares of that series that the Corporation is authorized to issue, determine that there is no such maximum number, or alter any such determination; (b) create an identifying name by which the share of that series may be identified, or alter any such identifying name; and (c) attach special rights or restrictions to the shares of that series, including, but without limiting or restricting the generality of the foregoing, the rate or amount of dividends (whether cumulative, non-cumulative or partially cumulative), the dates and places of payment thereof, the consideration for, and the terms and conditions of, any purchase for cancellation or redemption thereof (including redemption after a fixed term or at a premium), conversion or exchange rights into other shares, bonds, debentures, securities or otherwise, the terms and conditions of any share purchase plan or sinking fund, restrictions respecting payment of dividends on, or the repayment of capital in respect of, any other shares of the Corporation and voting rights and restrictions; or alter any such special rights or restrictions.

### **Description of Warrants**

The following is a brief summary of certain general terms and provisions of the Warrants that may be offered pursuant to this Prospectus. This summary does not purport to be complete. The particular terms and provisions of the Warrants as may be offered pursuant to this Prospectus will be set forth in the applicable Prospectus Supplement pertaining to such offering of Warrants, and the extent to which the general terms and provisions described below may apply to such Warrants will be described in the applicable Prospectus Supplement.

Warrants may be offered separately or together with other Securities, as the case may be. Each series of Warrants may be issued under a separate warrant indenture or warrant agency agreement to be entered into between Appili and one or more banks or trust companies acting as Warrant agent or may be issued as stand-alone contracts. The applicable Prospectus Supplement will include details of the Warrant agreements, if any, governing the Warrants being offered. The Warrant agent, if any, will be expected to act solely as the agent of Appili and will not assume a relationship of agency with any holders of Warrant certificates or beneficial owners of Warrants. The following sets forth certain general terms and provisions of the Warrants that may be offered under this Prospectus. The specific terms of the Warrants, and the extent to which the general terms described in this section apply to those Warrants, will be set forth in the applicable Prospectus Supplement.

A copy of any warrant indenture or any warrant agency agreement relating to an offering of Warrants will be filed by Appili with the relevant securities regulatory authorities in Canada after it has been entered into by Appili.

Each applicable Prospectus Supplement will set forth the terms and other information with respect to the Warrants being offered thereby, which may include, without limitation, the following (where applicable):

- the designation of the Warrants;
- the aggregate number of Warrants offered and the offering price;
- the designation, number and terms of the other Securities purchasable upon exercise of the Warrants, and procedures that will result in the adjustment of those numbers;

- the exercise price of the Warrants;
- the dates or periods during which the Warrants are exercisable;
- the designation and terms of any securities with which the Warrants are issued;
- if the Warrants are issued as a unit with another Security, the date on and after which the Warrants and the other Security will be separately transferable;
- any minimum or maximum amount of Warrants that may be exercised at any one time;
- whether such Warrants will be listed on any securities exchange;
- any terms, procedures and limitations relating to the transferability, exchange or exercise of the Warrants;
- certain material Canadian tax consequences of owning the Warrants; and
- any other material terms and conditions of the Warrants.

### **Description of Units**

The following is a brief summary of certain general terms and provisions of the Units that may be offered pursuant to this Prospectus. This summary does not purport to be complete. The particular terms and provisions of the Units as may be offered pursuant to this Prospectus will be set forth in the applicable Prospectus Supplement pertaining to such offering of Units, and the extent to which the general terms and provisions described below may apply to such Units will be described in the applicable Prospectus Supplement.

Appili may issue Units comprised of one or more of the other Securities described herein in any combination.

Each Unit may be issued so that the holder of the Unit is also the holder of each Security included in the Unit. Thus, the holder of a Unit may have the rights and obligations of a holder of each included Security. Any Unit agreement under which a Unit may be issued may provide that the Securities included in the Unit may not be held or transferred separately at any time or at any time before a specified date.

Each applicable Prospectus Supplement will set forth the terms and other information with respect to the Units being offered thereby, which may include, without limitation, the following (where applicable):

- the designation, number and terms of the Units and of the Securities comprising the Units, including whether and under what circumstances those Securities may be held or transferred separately;
- any provisions for the issuance, payment, settlement, transfer or exchange of the Units or of the Securities comprising the Units;
- certain material Canadian tax consequences of owning the Securities comprising the Units; and
- any other material terms and conditions of the Units.

The preceding description and any description of Units in an applicable Prospectus Supplement does not purport to be complete and is subject to and is qualified in its entirety by reference to any Unit agreement and, if applicable, collateral arrangements and depositary arrangements relating to such Units.

## Description of Subscription Receipts

The following is a brief summary of certain general terms and provisions of the Subscription Receipts that may be offered pursuant to this Prospectus. This summary does not purport to be complete. The particular terms and provisions of the Subscription Receipts as may be offered pursuant to this Prospectus will be set forth in the applicable Prospectus Supplement pertaining to such offering of Subscription Receipts, and the extent to which the general terms and provisions described below may apply to such Subscription Receipts will be described in the applicable Prospectus Supplement.

Subscription Receipts may be offered separately or together with other Securities, as the case may be. The Subscription Receipts may be issued under a subscription receipt agreement.

The applicable Prospectus Supplement will include details of any subscription receipt agreement covering the Subscription Receipts being offered. A copy of any subscription receipt agreement relating to an offering of Subscription Receipts will be filed by Appili with the relevant securities regulatory authorities in Canada after Appili has entered into it. The specific terms of the Subscription Receipts, and the extent to which the general terms described in this section apply to those Subscription Receipts, will be set forth in the applicable Prospectus Supplement. This description may include, without limitation, the following (where applicable):

- the number of Subscription Receipts;
- the price at which the Subscription Receipts will be offered;
- the terms, conditions and procedures for the conversion of the Subscription Receipts into other Securities;
- the designation, number and terms of the other Securities that may be exchanged upon conversion of each Subscription Receipt;
- the designation, number and terms of any other Securities with which the Subscription Receipts will be offered, if any, and the number of Subscription Receipts that will be offered with each Security;
- terms applicable to the gross or net proceeds from the sale of the Subscription Receipts plus any interest earned thereon;
- certain material Canadian tax consequences of owning the Subscription Receipts; and
- any other material terms and conditions of the Subscription Receipts.

## Description of Debt Securities

The following is a brief summary of certain general terms and provisions of the Debt Securities that may be offered pursuant to this Prospectus. This summary does not purport to be complete. The particular terms and provisions of the Debt Securities as may be offered pursuant to this Prospectus will be set forth in the applicable Prospectus Supplement pertaining to such offering of Debt Securities, and the extent to which the general terms and provisions described below may apply to such Debt Securities will be described in the applicable Prospectus Supplement.

The Debt Securities may be offered separately or together with other Securities, as the case may be. The Debt Securities will be issued in one or more series under an indenture (the “**Indenture**”) to be entered into between the Corporation and one or more trustees that will be named in a Prospectus Supplement for a series of Debt Securities. The applicable Prospectus Supplement will include details of the Indenture governing the Debt Securities being offered. A copy of the Indenture relating to an offering of Debt Securities will be filed by the Corporation with the relevant securities regulatory authorities in Canada after it has been entered into by the Corporation. The description of certain provisions of the Indenture in this section do not purport to be complete and are subject to, and are qualified in their entirety by reference to, the provisions of the Indenture. The particular terms relating to Debt

Securities offered by a Prospectus Supplement will be described in the related Prospectus Supplement. This description may include, but may not be limited to, any of the following, if applicable:

- the specific designation of the Debt Securities;
- the price or prices at which the Debt Securities will be issued;
- any limit on the aggregate principal amount of the Debt Securities;
- the date or dates, if any, on which the Debt Securities will mature and the portion (if less than all of the principal amount) of the Debt Securities to be payable upon declaration of acceleration of maturity;
- the rate or rates (whether fixed or variable) at which the Debt Securities will bear interest, if any, the date or dates from which any such interest will accrue and on which any such interest will be payable and the record dates for any interest payable on the Debt Securities that are in registered form;
- the terms and conditions under which the Corporation may be obligated to redeem, repay or purchase the Debt Securities pursuant to any sinking fund or analogous provisions or otherwise;
- the terms and conditions upon which the Corporation may redeem the Debt Securities, in whole or in part, at the Corporation's option;
- the covenants and events of default applicable to the Debt Securities;
- the terms and conditions for any conversion or exchange of the Debt Securities for any other securities;
- whether the Debt Securities will be issuable in registered form or bearer form or both, and, if issuable in bearer form, the restrictions as to the offer, sale and delivery of the Debt Securities which are in bearer form and as to exchanges between registered form and bearer form;
- whether the Debt Securities will be issuable in the form of registered global securities ("**Global Securities**"), and, if so, the identity of the depository for such registered Global Securities;
- the denominations in which registered Debt Securities will be issuable;
- each office or agency where payments on the Debt Securities will be made and each office or agency where the Debt Securities may be presented for registration of transfer or exchange;
- the currency in which the Debt Securities are denominated or the currency in which the Corporation will make payments on the Debt Securities;
- any index, formula or other method used to determine the amount of payments of principal of (and premium, if any) or interest, if any, on the Debt Securities; and
- any other terms of the Debt Securities which apply solely to the Debt Securities.

Each series of Debt Securities may be issued at various times with different maturity dates, may bear interest at different rates and may otherwise vary.

The terms on which a series of Debt Securities may be convertible into or exchangeable for Common Shares or other securities of the Corporation will be described in the applicable Prospectus Supplement. These terms may include provisions as to whether conversion or exchange is mandatory, at the option of the holder or at the option of the Corporation, and may include provisions pursuant to which the number of Common Shares or other securities to be received by the holders of such series of Debt Securities would be subject to adjustment.

To the extent any Debt Securities are convertible into Common Shares or other securities of the Corporation, prior to such conversion the holders of such Debt Securities will not have any of the rights of holders of the securities into which the Debt Securities are convertible, including the right to receive payments of dividends or the right to vote such underlying securities.

### PRIOR SALES

The following summarizes the Common Shares or securities convertible into, or exercisable to acquire, Common Shares that have been issued by Appili during the 12 months prior to the date of this Prospectus:

<b>Security Type</b>	<b>Date of Issuance Grant</b>	<b>Issue/Exercise Price</b>	<b>Number Issued/Granted</b>
Special Warrants <sup>(1)</sup>	November 21, 2018	\$4.25 <sup>(1)</sup>	198,381
Broker Warrants <sup>(2)</sup>	November 21, 2018	\$1.10	15,870
Special Warrants <sup>(1)</sup>	December 20, 2018	\$4.25 <sup>(1)</sup>	259,097
Broker Warrants <sup>(2)</sup>	December 20, 2018	\$1.10	18,727
Special Warrants <sup>(1)</sup>	March 19, 2019	\$4.25 <sup>(1)</sup>	386,478
Finder Warrants <sup>(3)</sup>	March 19, 2019	\$1.10	30,918
Options <sup>(4)</sup>	March 26, 2019	\$1.10	63,000
Common Shares <sup>(5)</sup>	April 26, 2019	\$0.70	10,317
Common Shares <sup>(5)</sup>	May 16, 2019	\$0.70	4,987
Common Shares <sup>(6)</sup>	June 17, 2019	\$1.1010	3,257,665
Common Shares <sup>(5)</sup>	June 27, 2019	\$0.78	22,453
Common Shares <sup>(5)</sup>	June 28, 2019	\$0.52	27,020

**Notes:**

1. Issued pursuant to the Brokered Offering and the Non-Brokered Offering. The Special Warrants were issued at a pre Share-Split price of \$4.25. Each Special Warrant was automatically exercised into 3.86 Common Shares without any further action on the part of the holders effective June 17, 2019.
2. Issued in connection with the Brokered Offering. Each Broker Warrant is exercisable to acquire 3.86 Common Shares, has an exercise price equal to \$1.10 per Common Share and expires on November 21, 2020.
3. Issued in connection with the Non-Brokered Offering. Each Finder Warrant is exercisable to acquire 3.86 Common Shares, has an exercise price equal to \$1.10 per Common Share and expires on November 21, 2020.
4. Issued pursuant to the exercise of previously issued Common Share purchase warrants.
5. Issued upon exercise of 843,956 Special Warrants.

### TRADING PRICE AND VOLUME

The Common Shares trade on the TSXV under the symbol “APLI”. On September 18, 2019, being the last trading day prior to the date of this Prospectus, the closing price of the Common Shares on the TSXV was \$0.48. The following table sets out the high and low sales prices and the daily average trading volume of the Common Shares since they commenced trading on the TSXV:

<b>Calendar Period</b>	<b>TSXV</b>		<b>Volume</b>
	<b>High (\$)</b>	<b>Low (\$)</b>	
June 2019	1.09	0.70	121,818
July 2019	0.81	0.55	15,634
August 2019	0.55	0.365	460,274
September 1 – 18, 2019	0.50	0.45	59,500

## **DIVIDENDS**

Appili has not previously paid any dividends on its Common Shares. While Appili is not restricted from paying dividends other than pursuant to certain solvency tests prescribed under the CBCA, Appili does not intend to pay dividends on any of its Common Shares in the foreseeable future.

## **USE OF PROCEEDS**

The use of proceeds from the sale of Securities will be described in the applicable Prospectus Supplement relating to a specific offering and sale of Securities. Among other potential uses, Appili may use the net proceeds from the sale of Securities: (i) for R&D costs relating to its programs; (ii) for the acquisition of new products; and (ii) for general corporate and working capital purposes.

Management of Appili will retain broad discretion in allocating the net proceeds of any offering of Securities under this Prospectus and Appili's actual use of the net proceeds will vary depending on the its operating and capital needs from time to time.

Appili had negative cash flow from operating activities of \$3,457,082 for the most recently completed financial year ended March 31, 2019 and \$1,523,334 for the three months ended June 30, 2019. In addition to other uses of net proceeds to be specified in a Prospectus Supplement, to the extent that Appili has negative cash flow in future periods, Appili may need to allocate a portion of the net proceeds from the sale of Securities to fund such negative cash flow. There can be no assurance that additional capital or other types of financing will be available when needed or that these financings will be on terms at least as favourable to Appili as those previously obtained, or at all.

Appili may, from time to time, issue securities (including Securities) other than pursuant to this Prospectus.

## **PLAN OF DISTRIBUTION**

Appili may from time to time during the 25-month period that this Prospectus, including any amendments and supplements hereto, remains valid, offer for sale and issue up to an aggregate of \$50,000,000 in Securities hereunder.

Appili may offer and sell the Securities to or through underwriters or dealers purchasing as principals, and may also sell directly to one or more purchasers or through agents or pursuant to applicable statutory exemptions. The Prospectus Supplement relating to a particular offering of Securities will identify each underwriter, dealer or agent, as the case may be, engaged by Appili in connection with the offering and sale of the Securities, and will set forth the terms of the offering of such Securities, including, to the extent applicable, any fees, discounts or any other compensation payable to underwriters, dealers or agents in connection with the offering, the method of distribution of the Securities, the initial issue price (in the event that the offering is a fixed price distribution), the proceeds that Appili will receive and any other material terms of the plan of distribution. Any initial offering price and discounts, concessions or commissions allowed or re-allowed or paid to dealers may be changed from time to time.

The Securities may be sold from time to time in one or more transactions at a fixed price or prices or at non-fixed prices. If offered on a non-fixed price basis, the Securities may be offered at market prices prevailing at the time of sale, at prices determined by reference to the prevailing price of a specified security in a specified market or at prices to be negotiated with purchasers, in which case the compensation payable to an underwriter, dealer or agent in connection with any such sale will be decreased by the amount, if any, by which the aggregate price paid for the Securities by the purchasers is less than the gross proceeds paid by the underwriter, dealer or agent to Appili. The price at which the Securities will be offered and sold may vary from purchaser to purchaser and during the period of distribution.

In connection with the sale of the Securities, underwriters, dealers or agents may receive compensation from Appili or from other parties, including in the form of underwriters', dealers' or agents' fees, commissions or concessions.

Underwriters, dealers and agents that participate in the distribution of the Securities may be deemed to be underwriters for the purposes of applicable Canadian securities legislation and any such compensation received by them from Appili and any profit on the resale of the Securities by them may be deemed to be underwriting commissions.

In connection with any offering of Securities, the underwriters, dealers or agents, as the case may be, may over-allot or effect transactions which stabilize, maintain or otherwise affect the market price of the Securities at a level other than those which otherwise might prevail on the open market. Such transactions may be commenced, interrupted or discontinued at any time.

Underwriters, dealers or agents who participate in the distribution of the Securities may be entitled, under agreements to be entered into with Appili, to indemnification by Appili against certain liabilities, including liabilities under Canadian securities legislation, or to contribution with respect to payments, which such underwriters, dealers or agents may be required to make in respect thereof. Such underwriters, dealers and agents may be customers of, engage in transactions with, or perform services for, Appili in the ordinary course of business.

Unless otherwise specified in the applicable Prospectus Supplement, each series or issue of Securities (other than Common Shares) will be a new issue of Securities with no established trading market. Accordingly, there is currently no market through which the Securities (other than Common Shares) may be sold and purchasers may not be able to resell such Securities purchased under this Prospectus. This may affect the pricing of such Securities in the secondary market, the transparency and availability of trading prices, the liquidity of such Securities and the extent of issuer regulation. Appili may elect to list any of the Securities on one or more exchanges, but unless otherwise specified in the applicable Prospectus Supplement, Appili shall not be obligated to do so. In addition, underwriters will not be obligated to make a market in any Securities. No assurance can be given regarding the activity of trading in, or liquidity of, any Securities. See “*Risk Factors*”.

This Prospectus constitutes a public offering of these Securities only in those jurisdictions where they may be lawfully offered for sale and therein only by persons permitted to sell such Securities. Unless otherwise specified in the applicable Prospectus Supplement, the Securities have not been and will not be registered under the U.S. Securities Act or any state securities laws. Unless otherwise specified in the applicable Prospectus Supplement, the Securities may not be offered or sold in the U.S. or to, or for the account or benefit of, U.S. persons, unless the Securities are registered under the U.S. Securities Act and applicable state securities laws or an exemption from such registration requirements is available. Each underwriter, dealer and agent who participates in the distribution will agree not to sell or offer to sell or to solicit any offer to buy any Securities within the U.S. or to, or for the account or benefit of, a U.S. person, except pursuant to an exemption from the registration requirements of the U.S. Securities Act and any applicable state securities laws. This Prospectus does not constitute an offer to sell or a solicitation of an offer to buy any of these Securities in the U.S.

#### **CERTAIN CANADIAN FEDERAL INCOME TAX CONSIDERATIONS**

The applicable Prospectus Supplement may describe certain Canadian federal income tax consequences to a purchaser who is a non-resident of Canada or to a purchaser who is a resident of Canada of acquiring, owning and disposing of any of the Securities offered thereunder.

#### **RISK FACTORS**

**Before deciding to invest in any Securities, prospective purchasers of the Securities should consider carefully the risk factors and the other information contained and incorporated by reference in this Prospectus and the applicable Prospectus Supplement relating to a specific offering of Securities before purchasing the Securities. An investment in the Securities offered hereunder is speculative and involves a high degree of risk. Information regarding the risks affecting Appili and its business is provided in the documents incorporated by reference in this Prospectus, including in Appili’s most recent AIF under the heading “*Risk Factors*”. See “*Documents Incorporated by Reference*”.**

## **Risks Related to the Offering**

### ***No Assurance of Active or Liquid Market***

No assurance can be given that an active or liquid trading market for the Common Shares will be sustained. If an active or liquid market for the Common Shares fails to be sustained, the prices at which such Securities trade may be adversely affected. Whether or not the Common Shares will trade at lower prices depends on many factors, including the liquidity of the Common Shares, prevailing interest rates, the markets for similar securities, general economic conditions and Appili's financial condition, historic financial performance and future prospects.

There is currently no market through which the Securities (other than the Common Shares) may be sold and purchasers may not be able to resell such securities. This may affect the pricing of such Securities in the secondary market, the transparency and availability of trading prices, the liquidity of such securities and the extent of issuer regulation.

### ***Public Markets and Share Prices***

The market price of the Common Shares and any other Securities offered hereunder that become listed and posted for trading on the TSXV or any other stock exchange could be subject to significant fluctuations in response to variations in Appili's operating results or other factors. In addition, fluctuations in the stock market may adversely affect the market price of the Common Shares and any other Securities offered hereunder that become listed and posted for trading on the TSXV or any other stock exchange regardless of the operating performance of Appili. Securities markets have also experienced significant price and volume fluctuations from time to time. In some instances, these fluctuations have been unrelated or disproportionate to the operating performance of issuers. Market fluctuations may adversely impact the market price of the Common Shares and any other Securities offered hereunder that become listed and posted for trading on the TSXV or any other stock exchange. There can be no assurance of the price at which the Common Shares and any other Securities offered hereunder that become listed and posted for trading on the TSXV or any other stock exchange will trade.

### ***Additional Issuances and Dilution***

Appili may issue and sell additional securities of Appili to finance its operations. Appili cannot predict the size or type of future issuances of securities of Appili or the effect, if any, that future issuances and sales of securities will have on the market price of any securities of Appili issued and outstanding from time to time. Sales or issuances of substantial amounts of securities of Appili, or the perception that such sales could occur, may adversely affect prevailing market prices for securities of Appili issued and outstanding from time to time. With any additional sale or issuance of securities of Appili, holders will suffer dilution with respect to voting power and may experience dilution in Appili's earnings per share. Moreover, this Prospectus may create a perceived risk of dilution resulting in downward pressure on the price of Appili's issued and outstanding Common Shares, which could contribute to progressive declines in the prices of such securities.

### ***Appili has Broad Discretion in the Use of the Net Proceeds from this Offering***

Management of Appili will have broad discretion with respect to the application of net proceeds received by Appili from the sale of Securities under this Prospectus or a future Prospectus Supplement and may spend such proceeds in ways that do not improve Appili's results of operations or enhance the value of the Common Shares or its other securities issued and outstanding from time to time. Any failure by management to apply these funds effectively could result in financial losses that could have a material adverse effect on Appili's business or cause the price of the securities of Appili issued and outstanding from time to time to decline.

### ***History of Negative Cash Flow***

Appili has a history of negative cash flow from operating activities. To the extent that Appili has negative cash flow in future periods, Appili may need to allocate a portion of the net proceeds from the sale of Securities to fund such negative cash flow. There can be no assurance that additional capital or other types of financing will be available

when needed or that these financings will be on terms at least as favourable to Appili as those previously obtained, or at all.

### **TRANSFER AGENT AND REGISTRAR**

The transfer agent and registrar for the Common Shares is Computershare Investor Services Inc. at its principal transfer offices in Montreal, Quebec.

### **AUDITORS**

The annual financial statements of Appili as at March 31, 2019 and 2018 incorporated by reference in this Prospectus have been audited by PricewaterhouseCoopers LLP, Chartered Professional Accountants and licensed public accountants, as set forth in their report incorporated by reference in this Prospectus, and are incorporated by reference in reliance upon such report given on the authority of such firm as experts in accounting and auditing.

### **EXPERTS**

Unless otherwise specified in a Prospectus Supplement relating to any Securities offered, certain legal matters in connection with the offering of Securities will be passed upon on behalf of Appili by Denton Canada LLP. In addition, certain legal matters in connection with any offering of Securities will be passed upon for any underwriters, dealers or agents by counsel to be designated at the time of the offering by such underwriters, dealers or agents, as the case may be.

As at the date hereof, the designated professionals of Denton Canada LLP collectively beneficially own, directly or indirectly, less than 1% of the outstanding securities of Appili.

PricewaterhouseCoopers LLP as external auditor is independent of Appili within the meaning of the CPA Code of Professional Conduct of the Institute of Chartered Professional Accountants of Nova Scotia.

### **PURCHASERS' STATUTORY AND CONTRACTUAL RIGHTS**

Securities legislation in certain of the provinces of Canada provides purchasers with the right to withdraw from an agreement to purchase securities. This right may be exercised within two business days after receipt or deemed receipt of a prospectus and any amendment. In several of the provinces, the securities legislation further provides a purchaser with remedies for rescission or, in some jurisdictions, revision of the price or damages if the prospectus and any amendment contains a misrepresentation or is not delivered to the purchaser, provided that the remedies for rescission, revision of the price or damages are exercised by the purchaser within the time limit prescribed by the securities legislation of the purchaser's province. The purchaser should refer to any applicable provisions of the securities legislation of the purchaser's province for the particulars of these rights or consult with a legal adviser.

In addition, original purchasers of convertible, exchangeable or exercisable Securities (unless the Securities are reasonably regarded by the Corporation as incidental to the applicable offering as a whole) will have a contractual right of rescission against the Corporation in respect of the conversion, exchange or exercise of the convertible, exchangeable or exercisable Security. The contractual right of rescission will be further described in any applicable Prospectus Supplement, but will, in general, entitle such original purchasers to receive the amount paid for the applicable convertible, exchangeable or exercisable Security (and any additional amount paid upon conversion, exchange or exercise) upon surrender of the underlying securities acquired thereby, in the event that this Prospectus (as supplemented or amended) contains a misrepresentation, provided that: (i) the conversion, exchange or exercise takes place within 180 days of the date of the purchase of the convertible, exchangeable or exercisable Security under this Prospectus; and (ii) the right of rescission is exercised within 180 days of the date of the purchase of the convertible, exchangeable or exercisable security under this Prospectus.

In an offering of convertible, exchangeable or exercisable Subscription Receipts, Warrants or convertible, exchangeable or exercisable Debt Securities (or Units comprised partly thereof), investors are cautioned that the statutory right of action for damages for a misrepresentation contained in the prospectus is limited, in certain provincial and territorial securities legislation, to the price at which convertible, exchangeable or exercisable Subscription Receipts, Warrants or convertible, exchangeable or exercisable Debt Securities (or Units comprised partly thereof) are offered to the public under the prospectus offering. This means that, under the securities legislation of certain provinces and territories, if the purchaser pays additional amounts upon the conversion, exchange or exercise of the Security, those amounts may not be recoverable under the statutory right of action for damages that applies in those provinces or territories. The purchaser should refer to any applicable provisions of the securities legislation of the purchaser's province for the particulars of this right of action for damages or consult with a legal advisor.

## CERTIFICATE OF THE CORPORATION

Dated: September 19, 2019

This short form prospectus, together with the documents incorporated in this prospectus by reference, constitutes full, true and plain disclosure of all material facts relating to the securities offered by this prospectus as required by the securities legislation of British Columbia, Alberta, Saskatchewan, Manitoba, Ontario, Nova Scotia, New Brunswick, Prince Edward Island and Newfoundland & Labrador.

(Signed) Kevin Sullivan  
Chief Executive Officer

(Signed) Kimberly Stephens  
Chief Financial Officer

On Behalf of the Board of Directors

(Signed) Brian Bloom  
Director

(Signed) Ian Mortimer  
Director