



APPILI THERAPEUTICS INC.

NOTICE OF ANNUAL AND SPECIAL MEETING OF SHAREHOLDERS

AND

MANAGEMENT INFORMATION CIRCULAR

July 13, 2020

**NOTICE OF ANNUAL AND SPECIAL MEETING OF THE HOLDERS OF
CLASS A COMMON SHARES OF APPILI THERAPEUTICS INC.**

NOTICE IS HEREBY GIVEN that the annual and special meeting (the “**Meeting**”) of the holders (the “**Shareholders**”) of class A common shares (the “**Common Shares**”) of Appili Therapeutics Inc. (the “**Corporation**”) will be held at 1344 Summer Street, Halifax, NS on Wednesday, August 12, 2020, at 2 p.m. Atlantic time for the following purposes:

- (a) receiving the financial statements of the Corporation for its fiscal year ended March 31, 2020 and the report of the auditor thereon;
- (b) electing the directors for the ensuing year;
- (c) appointing PricewaterhouseCoopers LLP as the auditor of the Corporation and authorizing the board of directors of the Corporation (the “**Board**”) to fix its remuneration and terms of engagement;
- (d) adopting a resolution, the text of which is set out in Schedule A to the management information circular of the Corporation dated July 13, 2020 (the “**Information Circular**”) approving an amendment to the second amended and restated stock option plan of the Corporation (the “**Plan**”) to increase the maximum number of Common Shares issuable thereunder from 6,700,000 to 10,000,000;
- (e) adopting a resolution, the text of which is set out in Schedule B to the Information Circular, approving an amended and restated stock option plan to become effective and replace and supersede any existing stock option plan of the Corporation (including the Plan) at such time as, and in the event that, the Common Shares become listed on the Toronto Stock Exchange; and
- (f) transacting such other business as may properly be brought before the Meeting or any adjournment(s) or postponement(s) thereof.

The accompanying Information Circular and form of proxy (the “**Instrument of Proxy**”) provide additional information relating to each of the matters to be addressed at the Meeting.

In light of ongoing concerns related to the spread of COVID-19, and to mitigate potential risks to the health and safety of the Shareholders, employees, communities and other stakeholders of the Corporation, Meeting participants are strongly encouraged not to attend in person. Rather, participants are encouraged to vote on the matters before the Meeting by proxy and to join the Meeting by webinar/teleconference. To access the Meeting by webinar, please use the following url link: <http://services.choruscall.ca/links/appili20200812.html>. To access the Meeting by teleconference, dial at Canada/USA Toll Free: 1-800-319-4610, Toronto Toll-Free: +1-416-915-3239 and International Toll Free: +1-604-638-5340. Please note callers should dial in 5 – 10 minutes prior to the scheduled start time and simply ask to join your call. Participants can listen to the Meeting but will not be permitted to vote at the Meeting unless the participant attends the Meeting in person.

The Corporation reserves the right to take any further precautionary measures deemed to be appropriate, necessary or advisable in relation to the Meeting in response to further developments in the COVID-19 outbreak, including: (i) changing the Meeting date and/or changing the means of holding the Meeting; and (ii) such other measures as may be recommended by public health authorities. Should any such changes to the Meeting format occur, the Corporation will announce any and all of these changes by way of news release, which will be filed under the Corporation’s profile on SEDAR. In the event of any changes to the Meeting format due to the COVID-19 outbreak, the Corporation will not prepare or mail an amended Information Circular, Notice of Meeting or Instrument of Proxy.

IMPORTANT

If you are a registered Shareholder, and are unable to attend the Meeting or any adjournment(s) or postponement(s) thereof in person, please complete, date, sign and return the accompanying Instrument of Proxy to Computershare Investor Services Inc. ("**Computershare**"), by: (a) mail or hand to the 8th Floor, 100 University Avenue, Toronto, Ontario, Canada, M5J 2Y1; (b) using a touch-tone phone to transmit voting choices to a toll-free number; or (c) logging onto the internet website of Computershare at www.investorvote.com. All instructions are listed on the enclosed Instrument of Proxy. Your proxy or voting instructions must be received in each case no later than 48 hours, excluding Saturdays, Sundays and statutory holidays, prior to the Meeting time.

If you are a non-registered beneficial Shareholder, a voting information form (also known as a VIF), instead of a form of proxy, may be enclosed. You must follow the instructions provided by your intermediary in order to vote your Common Shares.

DATED at Halifax, Nova Scotia this 13th day of July, 2020.

BY ORDER OF THE BOARD

(signed) Ian Mortimer

Ian Mortimer, Chairman



APPILI THERAPEUTICS INC.

MANAGEMENT INFORMATION CIRCULAR

July 13, 2020

THIS MANAGEMENT INFORMATION CIRCULAR (THE "INFORMATION CIRCULAR") IS FURNISHED IN CONNECTION WITH THE SOLICITATION OF PROXIES BY AND ON BEHALF OF MANAGEMENT OF APPILI THERAPEUTICS INC. ("APPILI" OR THE "CORPORATION") FOR USE AT THE ANNUAL AND SPECIAL MEETING (THE "MEETING") OF THE HOLDERS (THE "SHAREHOLDERS") OF CLASS A COMMON SHARES OF THE CORPORATION (THE "COMMON SHARES") TO BE HELD AT 1344 SUMMER STREET, HALIFAX, NS ON WEDNESDAY, AUGUST 12, 2020, AT 2 P.M. ATLANTIC TIME OR ANY ADJOURNMENT(S) OR POSTPONEMENT(S) THEREOF FOR THE PURPOSES SET FORTH IN THE ACCOMPANYING NOTICE OF MEETING (THE "NOTICE OF MEETING"). Unless otherwise stated, the information contained in this Information Circular is given as at July 13, 2020.

In light of ongoing concerns related to the spread of COVID-19, and to mitigate potential risks to the health and safety of Shareholders, employees, communities and other stakeholders of the Corporation, Meeting participants are encouraged not to attend in person. Rather, participants are strongly encouraged to vote on the matters before the Meeting by proxy and to join the Meeting by webinar/teleconference. To access the Meeting by webinar, please use the following url link: <http://services.choruscall.ca/links/appili20200812.html>. To access the Meeting by teleconference, dial at Canada/USA Toll Free: 1-800-319-4610, Toronto Toll-Free: +1-416-915-3239 and International Toll Free: +1-604-638-5340. Please note callers should dial in 5 – 10 minutes prior to the scheduled start time and simply ask to join your call. Participants can listen to the Meeting but will not be permitted to vote at the Meeting unless the participant attends the Meeting in person.

As of the date of this Information Circular, it is the intention of the Corporation to hold the Meeting as described in greater detail in the Notice of Meeting. The Corporation is continuously monitoring developments related to the COVID-19 outbreak. The Corporation reserves the right to take any further precautionary measures deemed to be appropriate, necessary or advisable in relation to the Meeting in response to further developments in the COVID-19 outbreak, including: (i) changing the Meeting date and/or changing the means of holding the Meeting; and (ii) such other measures as may be recommended by public health authorities. Should any such changes to the Meeting format occur, the Corporation will announce any and all of these changes by way of news release, which will be filed under the Corporation's profile on SEDAR. In the event of any changes to the Meeting format due to the COVID-19 outbreak, the Corporation will not prepare or mail an amended Information Circular, Notice of Meeting or Instrument of Proxy (as defined herein).

GENERAL PROXY INFORMATION

Solicitation of Proxies

It is expected that the solicitation of proxies will be primarily by mail, although proxies may also be solicited personally or by telephone, or other means of electronic communication. The costs of soliciting of proxies by and on behalf of management will be borne by the Corporation.

These Meeting materials are being sent to both registered holders of the Common Shares and Beneficial Shareholders (as defined herein).

None of the directors of the Corporation have informed management in writing that he or she intends to oppose any action intended to be taken by management at the Meeting.

Registered Shareholders

Registered Shareholders may wish to vote by proxy whether or not they are able to attend the Meeting in person. Registered Shareholders who wish to submit a proxy may choose one of the following methods:

- (a) complete, date and sign the enclosed form of proxy ("**Instrument of Proxy**") and return it to the Corporation's registrar and transfer agent, Computershare Investor Services Inc. ("**Computershare**"), by mail or by hand to the 8th Floor, 100 University Avenue, Toronto, Ontario, Canada, M5J 2Y1; or
- (b) use a touch-tone phone to transmit voting choices to a toll-free number. Registered Shareholders must follow the instructions of the voice response system and refer to the Instrument of Proxy for the toll-free number, the holder's account number and the proxy access number; or
- (c) log onto the internet website of Computershare at www.investorvote.com. Registered Shareholders must follow the instructions given on Computershare's website and refer to the Instrument of Proxy for the holder's account number and the proxy access number.

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

All instructions are listed on the enclosed Instrument of Proxy. Registered Shareholders must ensure the properly completed Instrument of Proxy is received at least 48 hours, excluding Saturdays, Sundays and statutory holidays, prior to the Meeting time or any adjournment(s) or postponement(s) thereof. Late proxies may be accepted or rejected by the Chairperson of the Meeting (the "**Chair**"), in his or her discretion. However, the Chair is under no obligation to accept or reject any particular late proxy. The Chair may waive this time limit for receipt of proxies without notice.

Revoking a Proxy

A Shareholder who has validly given a proxy pursuant to this solicitation may revoke it at any time up to and including the last business day preceding the day of the Meeting or any adjournment(s) or postponement(s) thereof at which the proxy is to be used:

- (a) by an instrument in writing executed by the Shareholder or by his, her or its attorney authorized in writing and either delivered by mail, hand or courier to the attention of Kimberly Stephens, Chief Financial Officer ("**CFO**"), Appili Therapeutics Inc., #21-1344 Summer Street, Halifax, Nova Scotia,

Canada B3H 0A8 or by email to the attention of Kimberly Stephens, CFO at kstephens@appiltherapeutics.com;

- (b) by delivering written notice of such revocation to the Chair prior to the commencement of the Meeting on the day of the Meeting or any adjournment(s) or postponement(s) thereof, or
- (c) in any other manner permitted by law.

As well, a Shareholder who has given an Instrument of Proxy may attend the Meeting in person (or where the Shareholder is a corporation, its authorized representative may attend), revoke the Instrument of Proxy (by indicating such intention to the Chair before the Instrument of Proxy is exercised) and vote in person.

Signature on Proxies

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

Voting of Proxies

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

Common Shares represented by the enclosed Instrument of Proxy will be voted in accordance with the instructions of the Shareholder on any ballot that may be called for and if the Shareholder specifies a choice with respect to any matter to be acted upon, the Common Shares will be voted accordingly. In the absence of such direction, such Common Shares will be voted FOR THE MATTERS SET OUT IN THE NOTICE OF MEETING TO BE ACTED UPON AT THE MEETING. If any amendment or variation to the matters identified in the Notice of Meeting is proposed at the Meeting or any adjournment(s) or postponement(s) thereof, or if any other matters properly come before the Meeting or any adjournment(s) or postponement(s) thereof, the accompanying Instrument of Proxy confers discretionary authority to vote on such amendments or variations or such other matters according to the best judgment of the appointed proxy holder. Management of the Corporation knows of no such amendments or variations or other matters to come before the Meeting.

Advice to Beneficial Shareholders

The information set forth in this section is of significant importance to many Shareholders, as a substantial number of Shareholders do not hold Common Shares in their own name. Shareholders who hold their Common Shares through their brokers, intermediaries, trustees or other persons, or who otherwise do not hold their Common Shares in their own name (referred to in this Information Circular as "**Beneficial Shareholders**") should note that proxies can be deposited only by Shareholders who are registered Shareholders.

Beneficial Shareholders who have received the Meeting materials from their intermediary should follow the directions of their intermediary with respect to the procedure to be followed for voting at the Meeting. Generally, Beneficial Shareholders will either:

- (a) be provided with a form of proxy executed by the intermediary but otherwise uncompleted. The Beneficial Shareholder may complete the proxy and return it directly to the Corporation's registrar and transfer agent, Computershare; or

- (b) be provided with a request for voting instructions. The intermediary is required to send the Corporation an executed form of proxy completed in accordance with any voting instructions received by the intermediary.

If you are a Beneficial Shareholder, and the Corporation or its agent has sent these materials directly to you, your name and address and information about your holdings of securities have been obtained from your intermediary in accordance with applicable securities regulatory requirements. By choosing to send the Meeting materials to you directly, the Corporation (and not your intermediary) has assumed responsibility for (i) delivering the Meeting materials to you, and (ii) executing your proper voting instructions. Please return your voting instructions as specified in the request for voting instructions.

If you have any questions respecting the voting of Common Shares held through a broker or other intermediary, please contact that broker or other intermediary for assistance.

Appili is sending the proxy-related materials directly to non-objecting Beneficial Shareholders under NI 54-101 – *Communication with Beneficial Owners of Securities of a Reporting Issuer* (“**54-101**”). Management of Appili does not intend to pay for Intermediaries to forward to objecting beneficial owners under NI 54-101 the proxy-related materials and Form 54-101F7 – *Request for Voting Instructions Made by Intermediary*, and in the case of an objecting Beneficial Shareholder, the objecting Beneficial Shareholder will not receive the materials unless the objecting Beneficial Shareholder’s intermediary assumes the cost of delivery.

All references to Shareholders in this Information Circular and the accompanying Instrument of Proxy and Notice of Meeting are to registered Shareholders unless specifically stated otherwise.

Although a Beneficial Shareholder may not be recognized directly at the Meeting for the purposes of voting Common Shares registered in the name of his or her broker, a Beneficial Shareholder may attend the Meeting as proxyholder for the Registered Shareholder and vote the Common Shares in that capacity. Beneficial Shareholders who wish to attend the Meeting and indirectly vote their Common Shares as proxyholder for the Registered Shareholder should enter their own names in the blank space on the form of proxy provided to them and return the same to their broker (or the broker’s agent) in accordance with the instructions provided by such broker.

INTEREST OF CERTAIN PERSONS OR COMPANIES IN MATTERS TO BE ACTED UPON

No person who has been a director or executive officer of the Corporation at any time since the beginning of the last completed financial year end of the Corporation, no proposed nominee for election as a director of the Corporation nor any associate or affiliate of the foregoing persons, has any material interest, direct or indirect, by way of beneficial ownership of securities or otherwise, in any matter to be acted on at the Meeting, other than the election of directors and matters relating to the stock option plans of the Corporation.

VOTING SECURITIES AND PRINCIPAL HOLDERS OF VOTING SECURITIES

Only Shareholders of record as of the Record Date (as defined herein) are entitled to receive notice of, attend and vote at the Meeting. As at the Record Date, the Corporation had 61,604,011 Common Shares issued and outstanding. Each Common Share carries the right to one vote.

The record date for the purpose of determining the Shareholders entitled to receive notice of the Meeting has been fixed by the board of directors of the Corporation (the “**Board**”) to be July 8, 2020 (the “**Record Date**”). Only Shareholders of record at the close of business on the Record Date who either attend the Meeting personally or complete, sign and deliver an Instrument of Proxy in the manner and subject to the provisions described above will be entitled to vote or to have their Common Shares voted at the Meeting.

Except as set out below, to the knowledge of the directors and executive officers of the Corporation, no persons or corporations beneficially own, or control or direct, directly or indirectly, 10% or more of the issued and outstanding Common Shares:

Name	Number of Common Shares Beneficially Owned or Controlled or Directed	Percentage of Outstanding Common Shares
Bloom Burton & Co. Inc. (" Bloom Burton ")	14,350,120 ⁽¹⁾	23.29%

Note:

- (1) Bloom Burton holds, in the aggregate, 14,350,120 Common Shares as follows: (a) 454,120 Common Shares directly; and (b) 13,896,000 Common Shares indirectly through Bloom Burton Development Corporation ("**BBDC**"), its wholly-owned subsidiary. Brian Bloom, a director of the Corporation, together with Jolyon Burton, beneficially own, indirectly, and exercise control and direction over Bloom Burton.

MATTERS TO BE ACTED UPON AT THE MEETING

1) Presentation of the Financial Statements

The financial statements of the Corporation for its fiscal year ended March 31, 2020 and the auditor's report thereon, will be presented to the Shareholders at the Meeting, but no vote with respect thereto is required or proposed to be taken.

2) Election of Directors

Background

There are currently five directors of the Corporation. The Corporation has nominated five persons for election as directors at the Meeting. Each nominee for election as a director is currently a director of the Corporation. The present term of office of each current director of the Corporation will expire at the Meeting and each director elected at the Meeting will hold office until the next annual general meeting of Shareholders or until his or her successor is duly elected or appointed, unless he or she resigns, is removed or becomes disqualified in accordance with the Corporation's governing legislation.

Advance Notice Provisions

The by-laws of the Corporation include advance notice provisions for the election of directors of Appili at specified meetings of the Shareholders (the "**Advance Notice Provisions**"). The Advance Notice Provisions require advance notice by any Shareholder who intends to nominate any person for election as a director of the Corporation. Among other things, the Advance Notice Provisions set a deadline by which such Shareholders must notify the CEO of the Corporation in writing of an intention to nominate a director prior to any meeting of Shareholders at which directors are to be elected and set forth the information that the Shareholder must include in the notice for it to be valid.

In the case of an annual meeting of Shareholders, notice to the CEO of the Corporation must be made not less than 30 days prior to the date of the annual meeting; provided, however, that if the annual meeting is to be held on a date that is less than 50 days after the date on which the initial public announcement of the date of the annual meeting was made, notice may be made not later than the close of business on the 10th day following such public announcement.

In the case of a special meeting of Shareholders that is not also an annual meeting but is called for the purpose of electing directors of the Corporation (whether or not called for other purposes), notice to the CEO of the Corporation must be made not later than the close of business on the 15th day following the day on which the initial public announcement of the special meeting of Shareholders was made.

Notwithstanding the above, in the case of an annual or special meeting of Shareholders where “notice-and-access” is used for the delivery of proxy-related materials and the initial public announcement is not less than 50 days before the date of the meeting, notice to the CEO of the Corporation must be made not less than 40 days prior to the date of the meeting.

Director Nominees

The following table sets out the names and places of residence of all persons proposed to be nominated for election as directors of the Corporation, the positions they hold with the Corporation, their principal occupations, the year such persons began to serve as directors of the Corporation and the number of Common Shares over which they beneficially own, control or direct, directly or indirectly.

Unless authority to vote is withheld, the persons named in the accompanying Instrument of Proxy intend to vote IN FAVOUR of the election of each of the five nominees whose names are set forth hereafter.

Name of Proposed Nominee, State/Province and Country of Residence	Position(s) Held with the Corporation	Principal Occupation(s)	Date First Elected a Director of the Corporation	Number of Common Shares Beneficially Owned or Controlled or Directed, Directly or Indirectly⁽¹⁾
Ian Mortimer ⁽²⁾⁽³⁾ (British Columbia, Canada)	Chair of the Board and Director	President and CFO of Xenon Pharmaceuticals Inc.	November 2017	-
Armand Balboni (Virginia, USA)	Chief Executive Officer (“CEO”) and Director	CEO of the Corporation	February 2019	-
Brian Bloom (Ontario, Canada)	Director	CEO and Chair of Bloom Burton	May 2015	14,350,120 ⁽⁴⁾
Theresa Matkovits ⁽²⁾⁽³⁾ (New York, USA)	Director	Chief Development Officer of Matinas BioPharma Holdings, Inc.	October 2018	-
Juergen Froehlich ⁽²⁾⁽³⁾ (Massachusetts, United States)	Director	Acting Chief Medical Officer of Genevant Sciences, Inc. (a biopharmaceutical company) (February 2019 to present) Chief Medical Officer of Aradigm Corporation (“Aradigm”) (a specialty pharmaceutical company) (November 2013 to February 2019)	January 2020	-

Notes:

- (1) The information as to the number of Common Shares beneficially owned, directly or indirectly, or over which control or direction is exercised, not being within the knowledge of the Corporation, has been obtained from the System for Electronic Disclosure by Insiders.
- (2) Member of the Nominating and Compensation Committee of the Board (the "**Nominating and Compensation Committee**").
- (3) Member of the Audit Committee of the Board (the "**Audit Committee**").
- (4) Mr. Bloom is the Chair and CEO of Bloom Burton. Mr. Bloom beneficially owns, or control or directs, indirectly through Bloom Burton, 14,350,120 Common Shares. See "*Voting Securities and Principal Holders of Voting Securities*".

Corporate Cease Trade Orders, Bankruptcies, Penalties and Sanctions

No proposed director is, as at the date of this Information Circular, or has been, within 10 years before the date of this Information Circular, a director, CEO or CFO of any company (including Appili), that was subject to a cease trade order, an order similar to a cease trade order, or an order that denied the relevant company access to any exemption under securities legislation that was in effect for a period of more than 30 consecutive days:

- that was issued while the proposed director was acting in the capacity as director, CEO or CFO, or
- that was issued after the proposed director ceased to be a director, CEO or CFO and which resulted from an event that occurred while that person was acting in the capacity as director, CEO or CFO.

Except as disclosed herein, no proposed director of Appili:

- is, as at the date of this Information Circular, or has been within the 10 years before the date of this Information Circular, a director or executive officer of any company (including Appili) that, while that person was acting in that capacity, or within a year of that person ceasing to act in that capacity, became bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or was subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold its assets; or
- has, within the 10 years before the date of this Information Circular, become bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency, or become subject to or instituted any proceedings, arrangement or compromise with creditors, or had a receiver, receiver manager or trustee appointed to hold the assets of the proposed director.

Dr. Froehlich was the Chief Medical Officer and Dr. Matkovits was a director of Aradigm until February 2019. In February 2019, Aradigm filed for protection under Chapter 11 of the U.S. Bankruptcy Code in Alameda County Court District to facilitate the sale of its assets.

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

3) Appointment of Auditor

At the Meeting, the Shareholders will be asked to approve a resolution to appoint PricewaterhouseCoopers LLP, chartered professional accountants of Halifax, Nova Scotia, as auditor of the Corporation until the close of the next annual meeting of the Shareholders and to authorize the Board to fix their remuneration and terms of engagement. PricewaterhouseCoopers LLP was first appointed auditor of the Corporation on September 7, 2017.

In the absence of a contrary specification made in the Instrument of Proxy, the persons named in the accompanying Instrument of Proxy intend to vote IN FAVOUR of appointing PricewaterhouseCoopers LLP, chartered professional accountants of Halifax, Nova Scotia, as

auditor of the Corporation and to authorize the Board to fix their remuneration and terms of engagement.

4) Approval of Amendment to Stock Option Plan

Pursuant to the Corporation's second amended and restated stock option plan (the "**Stock Option Plan**"), the Corporation is authorized to grant up to 6,700,000 options to purchase Common Shares ("**Options**").

At the Meeting, Shareholders will be asked to consider and, if deemed appropriate, pass a resolution approving an amendment to the Stock Option Plan to increase the maximum number of Common Shares issuable thereunder from 6,700,000 to 10,000,000 (the "**Stock Option Plan Resolution**"). The text of the Stock Option Plan Resolution is attached hereto as Schedule A. As noted above, as of the date of this Information Circular, the number of issued and outstanding Common Shares is 61,604,011, and 10,000,000 Common Shares under the Stock Option Plan would represent 16.23% of the issued and outstanding Common Shares, which does not exceed the limit of 20% for "fixed" option plans permitted under Policy 4.4 of the TSX Venture Exchange (the "**TSXV**") Corporate Finance Manual (the "**Manual**").

Under Policy 4.4 of the Manual, the Stock Option Plan Resolution must be approved by a majority of the votes cast at the Meeting, excluding votes attaching to Common Shares beneficially owned by insiders of the Corporation to whom Options may be granted under the Stock Option Plan and their associates.

To the knowledge of the Corporation, the Shareholders who are ineligible to vote on the Stock Option Plan Resolution and their shareholdings are as follows:

Name of Insider or Associate	Number of Common Shares
Brian Bloom (including the Common Shares held by BBDC)	14,350,120
Kimberly Stephens	57,436

In addition, any amendments to the Stock Option Plan are subject to the approval of the TSXV.

In the event the Stock Option Plan Resolution does not receive the requisite Shareholder approval as contemplated herein, then the Stock Option Plan shall continue in full force and effect and unamended, which for certainty means that the maximum number of Common Shares issuable thereunder remains at 6,700,000.

In the absence of a contrary specification made in the Instrument of Proxy, the persons named in the accompanying Instrument of Proxy intend to vote IN FAVOUR of the Stock Option Plan Resolution. The Stock Option Plan Resolution must be approved by a majority of votes cast by the Shareholders present or represented by proxy and entitled to vote at the Meeting, excluding votes attaching to Common Shares beneficially owned by insiders of the Corporation to whom Options may be granted under the Stock Option Plan and their associates.

5) Approval of TSX Stock Option Plan

The Corporation intends to list the Common Shares on the Toronto Stock Exchange (the "**TSX**"), subject to TSX approval and the Corporation meeting the initial listing requirements of such Exchange (the "**Graduation**"). In conjunction with a listing on the TSX, the Common Shares would be voluntarily delisted from the TSXV. Although there is no assurance that the Corporation will be successful in such application, management of the Corporation is of the view it is prudent to prepare for a positive result. Accordingly, in anticipation of the Graduation, the Board approved a third amended and restated stock option plan (the "**TSX Stock Option Plan**") which will become effective when (and if) the Corporation completes the Graduation. The TSX Stock Option Plan is intended to comply with the requirements of the TSX Company

Manual and will replace and supersede all other option plans of the Corporation (including the Stock Option Plan) upon coming into effect.

A summary of the material provisions of the TSX Stock Option Plan is included under the heading “*Summary of the TSX Stock Option Plan*” in this Information Circular. The full text of the TSX Stock Option Plan is attached hereto as Schedule C.

At the Meeting, Shareholders will be asked to consider and, if deemed appropriate, pass a resolution approving the TSX Stock Option Plan to become effective upon completion of the Graduation (the “**TSX Stock Option Plan Resolution**”). If approved by the Shareholders at the Meeting, the TSX Stock Option Plan will amend, restate, and supersede the Stock Option Plan.

The TSX Stock Option Plan contemplates a maximum of 10,000,000 Common Shares reserved for issuance thereunder from time to time, representing 16.23% of the issued and outstanding Common Shares as at the date of this Information Circular. On July 13, 2020, the Board approved the TSX Stock Option Plan subject to completion of the Graduation. Shareholders are being asked to approve the TSX Stock Option Plan and the full text of the Stock Option Plan Resolution to be approved by Shareholders is attached hereto as Schedule B.

The TSX Stock Option Plan does not limit the participation of insiders. The aggregate number of Common Shares: (a) issued to insiders within any one year period; and (b) issuable to insiders at any time under the TSX Stock Option Plan, could exceed 10% of the issued and outstanding Common Shares. TSX rules provide that the votes attached to the securities held by all insiders eligible (the “**Eligible Insiders**”) to participate in the TSX Stock Option Plan, must be excluded. Accordingly, Shareholders, other than the Eligible Insiders, are being asked to approve the TSX Stock Option Plan Resolution by a majority of votes cast. As Options exercised pursuant to the TSX Stock Option Plan become available again for future grant, the TSX Stock Option Plan is considered an “evergreen” plan. As such, the TSX requires that such plan be submitted to Shareholders for ratification every three (3) years.

To the knowledge of the Corporation, the Eligible Insiders who are ineligible to vote on the TSX Stock Option Plan Resolution and their shareholdings are the same persons who are ineligible to vote on the Stock Option Plan Resolution (see “*Approval of Amendment to Stock Option Plan*”).

In the event the TSX Stock Option Plan Resolution does not receive the requisite Shareholder approval as contemplated herein, then upon completion of the Graduation, the Stock Option Plan shall continue in full force and effect (subject to any amendment approved by the Shareholders under item 4) above).

In the absence of a contrary specification made in the Instrument of Proxy, the persons named in the accompanying Instrument of Proxy intend to vote IN FAVOUR of the TSX Stock Option Plan Resolution. The TSX Stock Option Plan Resolution must be approved by a majority of votes cast by the Shareholders present or represented by proxy and entitled to vote at the Meeting, excluding votes attaching to Common Shares held by Eligible Insiders.

DIRECTOR COMPENSATION

Pursuant to the Corporation’s compensation plan, independent directors received cash payments and Options as per the schedule below. The Nominating and Compensation Committee has set the compensation for independent directors in respect of the fiscal year ended March 31, 2020, as further set out below:

Position	April 1, 2019 to June 30, 2019	July 1, 2019 to March 31, 2020
Chair of the Board	-	CAD \$33,000/year ⁽¹⁾
All Directors	US \$25,000/year	CAD \$52,000/year

Position	April 1, 2019 to June 30, 2019	July 1, 2019 to March 31, 2020
Chair of Audit Committee	US \$5,000/year	CAD \$17,000/year ⁽¹⁾
Chair of Nominating and Compensation Committee	US \$3,000/year	CAD \$12,000/year ⁽¹⁾
All other Members of the Audit Committee	US \$3,000/year	CAD \$7,000/year ⁽¹⁾
All other Members of the Nominating and Compensation Committee	US \$2,000/year	CAD \$5,000/year ⁽¹⁾
Independent Directors	25,000 Options ⁽²⁾	140,000 Options

Notes:

(1) In addition to compensation received as a director of the Corporation.

(2) Each such Option is exercisable into 3.86 Common Shares.

Directors who are officers, employees, or consultants of the Corporation receive no compensation under the terms of the Corporation's current compensation plan for acting as directors.

Annually, the Nominating and Compensation Committee reviews the compensation paid to Appili's directors to ensure that the Corporation's approach to Board compensation is competitive and reflects best practices taking into account current governance trends. Recently, the Nominating and Compensation Committee relied upon an independent research report on compensation of other publicly traded companies in the biopharmaceutical industry to assess the compensation of the independent directors, including both cash compensation and share-based compensation amounts.

Director Compensation Table

The following table sets forth information concerning the total compensation in respect of the directors of the Corporation (other than for Armand Balboni, a director who is also a Named Executive Officer and Kevin Sullivan, a former director who was also a Named Executive Officer, in each case for whom information is shown on the comparable table for the NEOs set out in the "Summary Compensation Table") during the financial year ended March 31, 2020.

Name	Fees Earned (\$)	Share-Based Awards (\$)	Option-Based Awards ⁽¹⁾⁽²⁾ (\$)	Non-Equity Incentive Plan Compensation (\$)	Pension Value (\$)	All Other Compensation (\$)	Total (\$)
Ian Mortimer	72,188	-	59,308	-	-	-	131,496
Brian Bloom	-	-	-	-	-	-	-
Theresa Matkovits	63,533	-	59,308	-	-	-	122,841
Juergen Froehlich ⁽³⁾	11,780	-	107,556	-	-	-	119,336
Stephen Nicolle ⁽⁴⁾	64,847	-	-	-	-	-	64,847

Notes:

(1) Options vest in three instalments every year for 3 years following their date of grant.

- (2) The fair value of the Options is obtained by multiplying the number of Options granted by their value established according to the Black Scholes model. This value is the same as the fair book value established in accordance with International Financial Reporting Standards and accounting for the following assumptions:

	<u>\$0.55 exercise price grant</u>	<u>\$0.82 exercise price grant</u>
Risk free rate:	1.54%	1.53%
Dividend yield:	0%	0%
Volatility:	120%	125%
Expected lifetime:	5.69 years	5.35 years
Fair value per Option:	\$0.42	\$0.77

- (3) Appointed to the Board on January 24, 2020.

- (4) Resigned from the Board on January 24, 2020.

Incentive Plan Awards

Outstanding Option-Based Awards and Share-Based Awards

The following table sets forth all outstanding Option-based and share-based awards held by each director (other than for Armand Balboni, a director who is also a Named Executive Officer and Kevin Sullivan, a former director who was also a Named Executive Officer, in each case for whom information is shown on the comparable table for Named Executive Officers set out below) as at March 31, 2020.

Name	Option-Based Awards				Share-Based Awards		
	Number of Securities Underlying Unexercised Options (#)	Option Exercise Price (\$)	Option Expiration Date	Value of Unexercised in-the-money Options (\$)	Number of Shares or Units of Shares that have not Vested (#)	Market or Payout Value of Share-Based Awards that have not Vested (\$)	Market or Payout Value of Vested Share-Based Awards not Paid Out or Distributed (\$)
Ian Mortimer	140,000	0.55	Dec 2, 2029	18,200	-	-	-
	77,200	0.8808	Feb 20, 2028	-	-	-	-
	96,500	0.8808	Apr 1, 2028	-	-	-	-
Brian Bloom	-	-	-	-	-	-	-
Theresa Matkovits	140,000	0.55	Dec 2, 2029	18,200	-	-	-
	173,700	1.1000	Mar 26, 2029	-	-	-	-
Juergen Froehlich ⁽¹⁾	140,000	0.82	Jan 24, 2030	-	-	-	-
Stephen Nicolle ⁽²⁾	77,200	0.5959	Dec 31, 2020	-	-	-	-
	96,500	0.8808	Dec 31, 2020	-	-	-	-

Notes:

- (1) Appointed to the Board on January 24, 2020.
(2) Resigned from the Board on January 24, 2020.

Incentive Plan Awards – Value Vested or Earned During the Year

The following table provides information regarding the value on pay-out or vesting of incentive plan awards for each director (other than for Armand Balboni, a director who is also a Named Executive Officer and Kevin Sullivan, a former director who is also a Named Executive Officer, both for whom the information is shown on the comparable table for Named Executive Officers set out below) for the financial year ended March 31, 2020.

Name	Option-Based Awards – Value Vested during the Year (\$)	Share-Based Awards – Value Vested during the Year (\$)	Non-Equity Incentive Plan Compensation – Value Earned during the Year (\$)
Ian Mortimer	Nil	-	-
Brian Bloom	-	-	-
Theresa Matkovits	Nil	-	-
Juergen Froehlich ⁽¹⁾	Nil	-	-
Stephen Nicolle ⁽²⁾	Nil	-	-

Notes:

- (1) Appointed to the Board on January 24, 2020.
(2) Resigned from the Board on January 24, 2020.

COMPENSATION DISCUSSION AND ANALYSIS

For the purposes of this Information Circular, a named executive officer (“**NEO**” or “**Named Executive Officer**”) of the Corporation means each of the following individuals:

- (a) the CEO of the Corporation;
- (b) the CFO of the Corporation;
- (c) each of the three most highly compensated executive officers of the Corporation, including any of its subsidiaries, or the three most highly compensated individuals acting in a similar capacity, other than the CEO and CFO, at the end of the most recently completed financial year whose total compensation was, individually, more than \$150,000; and
- (d) each individual who would be an NEO under paragraph (c) but for the fact that the individual was neither an executive officer of the Corporation, nor acting in a similar capacity, at the end of that financial year.

Armand Balboni (CEO), Kevin Sullivan (former CEO), Kimberly Stephens (CFO), Yoav Golan (part-time Chief Medical Officer (“**CMO**”)) and Myriam Triest (Senior Director, Product Development) are each a NEO of the Corporation for purposes of this disclosure. Kevin Sullivan stepped down as the CEO of the Corporation on December 2, 2019.

Compensation Objectives

Appil’s compensation philosophy for NEOs is focused on the belief that capable and qualified employees are critical to the Corporation’s success. Therefore, the Corporation’s compensation plan is designed to

attract the very best individuals in each expertise arena and to use salaries and long-term incentive compensation in the form of Options or other suitable long-term incentives to attract and retain such employees. In making its determinations regarding the various elements of executive stock option grants, Appili seeks to meet the following objectives:

- (a) to attract, retain and motivate talented executives who create and sustain Appili's continued success within the context of compensation paid by other companies of comparable size engaged in similar business in appropriate regions;
- (b) to align the interests of Appili's NEOs with the interests of shareholders of Appili; and
- (c) to incent extraordinary performance from our key employees.

The Nominating and Compensation Committee reviews the NEOs compensation plans in comparison to multiple benchmarks, as described below.

Elements of Compensation

The Corporation's executive compensation philosophy is supported by the following four elements of Appili's executive compensation program for the NEOs:

- (a) Fixed components: (i) base salary; and (ii) employee benefits program; and
- (b) Variable components: (i) annual incentive program; and (ii) equity incentive compensation.

Each component of the executive compensation program is discussed below.

Base Salary

The base salary is designed to provide income certainty. The base salary review of any NEO takes into consideration the current competitive market conditions, experience, proven or expected performance, and the particular skills of the NEO. The base salary and total compensation package are reviewed by the Nominating and Compensation Committee, who considers the overall remuneration strategy and, where information is available, verifies the appropriateness of existing remuneration levels using an extensive process of evaluating peer groups on the TSX and the TSXV, as well as other external sources for comparison. The annual base salaries for NEOs of the Corporation are:

<u>NEO</u>	<u>Base Salary</u>
Armand Balboni, CEO	US\$276,000
Kevin Sullivan, former CEO	\$265,000
Kimberly Stephens, CFO and Corporate Secretary	\$203,000
Yoav Golan, CMO	US\$189,000 ⁽¹⁾
Myriam Triest, Senior Director, Product Development	\$156,000

Note:

- (1) Dr. Yoav Golan operates pursuant to a consulting contract under the terms of which he devotes 50% of his time to the Corporation at a rate of US\$15,750/month.

Employee Benefits Program

The Corporation's employee benefits program includes health, dental, vision, life and disability components and is designed to provide a level of protection to all employees, including executive officers, and their families in the event of death, illness, or disability.

Annual Incentive Program

The Board believes that its ability to exercise discretion and judgment is critical to ensuring that annual bonuses reflect the assessment of risk in the decisions and actions taken by our executive team and consider unexpected circumstances or events that have occurred during the year. The annual incentive program for the NEOs is mainly based on their performance as a team against the Corporation's annual objectives, which are approved by the Board at the beginning of each financial year, as well as individual performance. Bonuses are awarded and approved by the Board, at its full discretion, based on recommendation of the Nominating and Compensation Committee. While the target for annual incentive compensation for NEOs has been established as a percentage of their respective base salary as shown in the table below, the Board retains full discretion in assessing such achievement and may approve an award in excess of such target, or alternatively may approve no award at all. In addition, the Board may also factor in individual achievement, if warranted. The bonuses available to the NEOs are:

<u>NEO</u>	<u>Bonus Payable</u>
Armand Balboni	40%
Kevin Sullivan, former CEO	40%
Kimberly Stephens, CFO and Corporate Secretary	30%
Yoav Golan, CMO	30%
Myriam Triest, Senior Director, Product Development	25%

The annual objectives were based on the Corporation meeting specific goals relating to the development of the Corporation's products, the business development efforts in both in-licensing opportunities and out-licensing opportunities of its current products and successfully transitioning to a public company to facilitate access to capital to fund the Corporation's operations and increase participation of institutional investors.

Equity Incentive Compensation

Option grants assist in attracting, retaining and motivating executives of the highest level of quality and effectiveness. The Corporation is focused on rewarding the types of performance that increase long-term shareholder value. Option grants they are part of the long-term incentive and retention program and serve to motivate and encourage executives and employees to deliver performance that increases the value of the Corporation through growth of the share price over the long-term. All Option grants are approved by the Board by the way of recommendation through the Nominating and Compensation Committee. The process for issuing Option grants is in line with the annual incentive program described above. Previous grants of Options are taken into account when considering new grants.

Compensation Risks of Management

In making its compensation-related decisions, the Board carefully considers the risks implicitly or explicitly connected to such decisions. These risks include the risks associated with employing executives who are not world-class in their capabilities and experience, the risk of losing capable but under-compensated executives, and the financial risks connected to the Corporation's operations, of which executive compensation is an important part.

In adopting the compensation philosophy described above, the principal risks identified by Appili are:

- that the Corporation may be forced to raise additional funding (causing dilution to Shareholders) in order to attract and retain the calibre of executive employees that it seeks; and
- that the Corporation may have insufficient funding to achieve its objectives.

After careful consideration of these risks, the Board has adopted the compensation policy described above.

Nominating and Compensation Committee

The Nominating and Compensation Committee has the responsibility of reviewing the overall compensation package for the NEOs on behalf of the Board. Annually, the Nominating and Compensation Committee evaluates the Corporation's overall performance against its business plan, considers each individual's performance and overall compensation, including incentives paid to senior executives of comparable companies. The Nominating and Compensation Committee also confers with the CEO, when reviewing compensation for other NEOs. In addition, the Nominating and Compensation Committee is responsible for recommending the Option grants, including grant proposals for approval by the Board.

The Nominating and Compensation Committee takes into consideration the following factors when making compensation decisions, among other things:

- the financial resources available or expected to be available to the Corporation;
- comparative compensations levels for companies of Appili's size in the biopharmaceutical industry;
- the capabilities of individual contributors to the Corporation's success;
- the reasonable compensation expectations of the individual contributor; and
- the relative equity with other Appili contributors.

The Nominating and Compensation Committee periodically reviews publicly available data and relevant compensation packages to determine comparable compensation levels for companies of Appili's size in the biopharmaceutical industry. Most components of compensation were reviewed, including base salary, annual incentive compensation and equity incentive compensation. Management assisted the Nominating and Compensation Committee in obtaining the detailed information when requested.

No compensation consultant or advisor has, at any time since the Corporation's most recently completed financial year, been retained to assist the Board or the Nominating and Compensation Committee in determining compensation for any of Appili's directors or executive officers.

The members of the Nominating and Compensation Committee are currently Theresa Matkovits (Chair), Ian Mortimer, and Juergen Froehlich. All members of the Nominating and Compensation Committee are independent. The skills and experience that enable the Nominating and Compensation Committee to make decisions on the suitability on the Corporation's compensation policies and practices include the following:

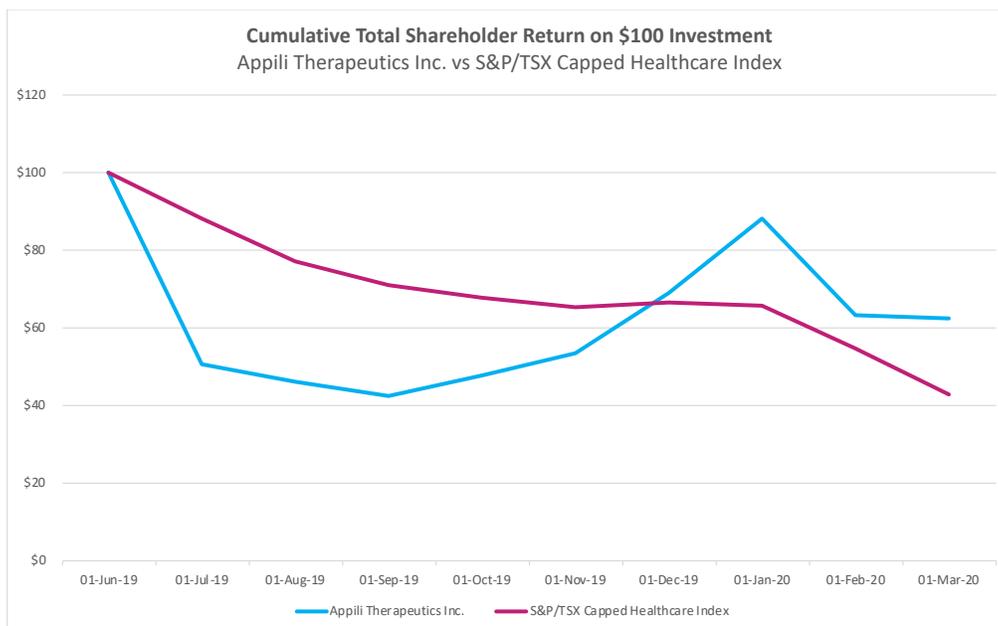
- (a) Theresa Matkovits - Dr. Matkovits is currently the Chief Development Officer of Matinas Biopharma Holdings, Inc., an emerging clinical-stage biopharmaceutical company and shares responsibility for ensuring compensation levels are competitive and in line with the company's business strategy.
- (b) Ian Mortimer – Mr. Mortimer is the President and Chief Financial Officer of Xenon Pharmaceuticals Inc., a clinical-stage biopharmaceutical company focused on neurological disorders. He has direct responsibility in evaluating compensation arrangements and has corporate governance responsibilities.
- (c) Juergen Froehlich – Dr. Froehlich is the Acting Chief Medical Officer of Genevant Sciences, Inc., a biopharmaceutical company, and the former Chief Medical Officer of Aradigm Corporation, a specialty pharmaceutical company. Dr. Froehlich has experience with evaluating compensation arrangements and overall corporate governance.

Hedging by Named Executive Officers or Directors

The Corporation has no policy with respect to NEOs or directors purchasing financial instruments, including, for certainty, prepaid variable forward contracts, equity swaps, collars, or units of exchange funds that are designed to hedge or offset a decrease in market value of equity securities granted as compensation or held, directly or indirectly, by the NEO or director.

Performance Graph

The following graph compares the total cumulative shareholder return for \$100 invested in the Common Shares since the Corporation was listed and initiated trading on the TSXV with the cumulative total return of the Toronto Stock Exchange's S&P/TSX Capped Health Care Index (including the reinvestment of dividends). The Corporation became a reporting issuer as of June 17, 2019 and its Common Shares commenced trading on the TSXV on June 24, 2019.



Executive officers' compensation is not based primarily on the performance of the Common Shares and, as such, the NEO's compensation is not directly correlated to the performance of the Common Shares. Although one of the main focuses of the Corporation is to create shareholder value, the share price for the Common Shares, as well as other TSX and TSXV biotechnology companies, is very volatile and does not always reflect the performance of the Corporation. As it is Appili's goal to attract and retain experienced executives who are focussed on the long-term success of the Corporation and creating shareholder value, the compensation of the NEOs is based on the overall performance by the Corporation and individual contributions rather than tied specifically to the short-term performance of the Common Shares in the market.

Summary Compensation Table

The following table sets forth information concerning the total compensation for the two most recently completed financial years of the Corporation paid, payable, awarded, granted, given or otherwise provided, directly or indirectly, by the Corporation to the Named Executive Officers. As the Corporation became a reporting issuer during the most recently completed financial year, compensation for all financial years completed prior to March 31, 2019 have not been included.

Name and Principal Position	Year	Salary (\$)	Share-Based Awards (\$)	Option-Based Awards (\$) ⁽¹⁾	Non-Equity Incentive Plan Compensation		Pension Value (\$)	All Other Compensation (\$) ⁽³⁾	Total Compensation (\$)
					Annual Incentive Plans (\$) ⁽²⁾	Long-Term Incentive Plans (\$)			
Armand Balboni ⁽⁴⁾ CEO	2020	190,990	-	423,631	161,940	-	-	-	776,561
	2019	59,485	-	73,196	19,863	-	-	-	152,544
Kevin Sullivan ⁽⁵⁾ Former CEO	2020	176,667	-	-	-	-	-	167,558	344,225
	2019	265,000	-	388,586	74,200	-	-	-	727,786
Kimberly Stephens CFO	2020	195,000	-	84,726	70,000	-	-	-	349,726
	2019	195,000	-	38,859	58,500	-	-	-	292,359
Yoav Golan CMO ⁽⁶⁾	2020	48,753	-	-	-	-	-	-	48,753
	2019	31,486	-	-	-	-	-	-	31,486
Myriam Triest Sr Dir, Product Dev.	2020	150,000	-	42,363	30,000	-	-	-	222,363
	2019	-	-	-	-	-	-	-	-

Notes:

- (1) The fair value of the Options is obtained by multiplying the number of Options granted by their value established according to the Black Scholes model. This value is the same as the fair book value established in accordance with International Financial Reporting Standards and accounting for the following assumptions:

\$0.55 exercise price grant

Risk free rate:	1.54%
Dividend yield:	0%
Volatility:	120%
Expected lifetime:	5.69 years
Fair value per Option:	\$0.42

- (2) Represents the cash bonus earned during the year.
- (3) None of the NEOs are entitled to perquisites or other personal benefits which, in aggregate, are worth \$50,000 or more, or are worth 10% or more of an NEO's total salary.
- (4) Dr. Balboni was hired in October 2018 as the Corporation's Chief Scientific Officer, which was subsequently changed to Chief Development Officer. On December 2, 2019, Dr. Balboni was appointed as the Corporation's CEO. Dr. Balboni was paid in USD which has been converted into CAD for the purposes of this table using the average exchange rate of 1.33 in 2020 and 1.35 in 2019.
- (5) Mr. Sullivan stepped down as the CEO and a director of the Corporation on December 2, 2019.
- (6) Dr. Golan became the Corporation's first Chief Medical Officer on April 21, 2020. Fees earned by Dr. Golan prior to such date are with respect to consulting services provided by Dr. Golan as a scientific advisor to the Corporation. Dr. Golan was paid in USD which has been converted into CAD for the purposes of this table using the average exchange rate of 1.36 in 2020 and 1.31 in 2019.

Incentive Plan Awards

Outstanding Option-Based Awards and Share-Based Awards

The following table sets forth all outstanding Option-based and share-based awards held by each Named Executive Officer as at March 31, 2020.

Name	Option-Based Awards				Share-Based Awards		
	Number of Securities Underlying Unexercised Options (#)	Option Exercise Price (\$)	Option Expiration Date	Value of Unexercised in-the-money Options (\$)	Number of Shares or Units of Shares that have not Vested (#)	Market or Payout Value of Share-Based Awards that have not Vested (\$)	Market or Payout Value of Vested Share-Based Awards not paid out or Distributed (\$)
Armand Balboni CEO	1,000,000	0.55	Dec 2, 2029	130,000	-	-	-
	69,480	1.10	Mar 26, 2029	-	-	-	-
Kevin Sullivan ⁽¹⁾ Former CEO	951,683	0.5181	Nov 29, 2020	154,044	-	-	-
	21,745	0.5959	Nov 29, 2020	1,830	-	-	-
	128,667	0.8808	Nov 29, 2020	-	-	-	-
Kimberly Stephens CFO	200,000	0.55	Dec 2, 2029	26,000	-	-	-
	154,400	0.5181	Mar 11, 2026	24,992	-	-	-
	231,600	0.5959	May 10, 2027	19,488	-	-	-
	38,600	0.8808	Apr 1, 2028	-	-	-	-
Yoav Golan CMO	-	-	-	-	-	-	-
Myriam Triest Sr Dir, Product Dev.	100,000	0.55	Dec 2, 2020	13,000	-	-	-

Note:

(1) Mr. Sullivan stepped down as the CEO and a director of the Corporation on December 2, 2019.

Incentive Plan Awards – Value Vested or Earned During the Year

The following table provides information regarding the value on pay-out or vesting of incentive plan awards for each Named Executive Officer for the financial year ended March 31, 2020.

Name	Option-Based Awards – Value Vested During the Year (\$)	Share-Based Awards – Value Vested During the Year (\$)	Non-Equity Incentive Plan Compensation – Value Earned During the Year (\$)
Armand Balboni CEO	Nil	-	-
Kevin Sullivan ⁽¹⁾ Former CEO	Nil	-	-
Kimberly Stephens CFO	Nil	-	-
Yoav Golan CMO	-	-	-
Myriam Triest Sr Dir, Product Dev.	Nil	-	-

Note:

(1) Mr. Sullivan stepped down as the CEO and a director of the Corporation on December 2, 2019.

Pension Plan Benefits

As of March 31, 2020, there did not exist a pension plan for the Named Executive Officers that provided for payments or benefits at, following or in connection with retirement.

Termination and Change of Control Benefits

Other than as described herein, the Corporation does not have any contract, agreement, plan or arrangement that provides for payments to a NEO at, following or in connection with a termination (whether voluntary, involuntary or constructive), resignation, retirement, a change in control of the Corporation or a change in an NEO's responsibilities.

Armand Balboni

Armand Balboni has a written employment agreement pursuant to which he is entitled to receive an annual salary of US\$265,000 effective December 2, 2019, as compensation for his services as CEO of the Corporation. Dr. Balboni is also eligible to participate in any short-term incentive compensation plan. The agreement continues for an indefinite period until terminated by the case of resignation, retirement or termination of employment with or without cause. If the termination was without cause or due to a change of control, Dr. Balboni would be entitled to 6 months' and 12 months' severance, respectively, plus an additional month of severance for each completed year of service up to an aggregate maximum of 12 months and 18 months, respectively, and (with respect to termination without cause not in connection with a change of control) any pro-rated bonus based on actual performance up to the date of termination. If the termination was without cause, Dr. Balboni would continue to receive benefits for a period of six months thereafter, plus an additional month for each completed year of service up to an aggregate maximum of 12 months. Dr. Balboni's employment agreement also provides for, among other things, non-compete and non-solicitation covenants in favour of the Corporation during the term of his employment and: (a) if terminated with cause, the period six months after such termination; and (b) if terminated without cause, the period six months after such termination, plus an additional month for each completed year of service up to an aggregate maximum of 12 months after such date of termination. If Dr. Balboni had been terminated without cause or due to a change of control as of March 31, 2020, the total amount owing to Dr. Balboni would have been US\$247,500 and US\$283,000, respectively.

Kimberly Stephens

Kimberly Stephens has a written employment agreement pursuant to which she is entitled to receive an annual salary of \$195,000 effective April 1, 2018, as compensation for her services as CFO of the Corporation. Ms. Stephens is also eligible to participate in any short-term incentive compensation plan. The agreement continues for an indefinite period until terminated by the case of resignation, retirement or termination of employment with cause, in which Ms. Stephens would not receive a severance payment, but would be entitled to any vacation due. If the termination was without cause or due to a change of control, Ms. Stephens would be entitled to six months plus one month for each year of service up to a maximum of 12 months' of Ms. Stephens' average monthly total compensation (base compensation and earned bonus compensation), or nine months' base pay, respectively. Ms. Stephens' employment agreement also provides for, among other things, non-compete and non-solicitation covenants in favour of the Corporation during the term of her employment and during the 12-month period following the date her employment is terminated. If Ms. Stephens had been terminated without cause as of March 31, 2020, the total amount owing to Ms. Stephens would have been \$190,833. If Ms. Stephens had been terminated due to a change of control as of March 31, 2020, the total amount owing to Ms. Stephens would have been \$147,140.

Kevin Sullivan

Kevin Sullivan had a written employment agreement pursuant to which he was entitled to receive an annual salary of \$265,000 effective April 1, 2018, as compensation for his services as CEO of the Corporation. Mr. Sullivan was also eligible to participate in any short-term incentive compensation plan. The agreement continued for an indefinite period until terminated by the case of resignation, retirement or termination of employment with cause, in which Mr. Sullivan would not receive a severance payment, but would be entitled to any vacation due. If the termination was without cause, Mr. Sullivan would have been entitled to 12 months' severance, plus 12 months' benefits and any pro-rated bonus reasonably expected to have received. If the termination was due to change of control, Mr. Sullivan would be entitled to 12 months' severance, plus 12 months' benefits. Mr. Sullivan's employment agreement also provided for, among other things, non-compete and non-solicitation covenants in favour of the Corporation during the term of his employment and during the 12-month period following the date his employment was terminated. If Mr. Sullivan had been terminated without cause or due to a change of control as of March 31, 2020, the total amount owing to Mr. Sullivan would have been \$371,000 or \$267,527, respectively. Mr. Sullivan stepped down as the CEO of the Corporation on December 2, 2019.

Yoav Golan

Yoav Golan has a consulting agreement pursuant to which he is entitled to receive monthly compensation of US\$15,750 for 0.5 full-time equivalent of services, as the CMO of the Corporation. If the consulting agreement was terminated per the terms of the agreement by giving 30 days' notice, Dr. Golan would be entitled to \$15,750.

Myriam Triest

Myriam Triest has a written employment agreement pursuant to which she is entitled to receive an annual salary of \$150,000 effective March 11, 2019, as compensation for her services as Senior Director, Product Development of the Corporation. Dr. Triest is also eligible to participate in any short-term incentive compensation plan. The agreement continues for an indefinite period until terminated by the case of resignation, retirement or termination of employment with cause, in which Dr. Triest would not receive a severance payment, but would be entitled to any vacation due. If the termination was without cause or due to a change of control, Dr. Triest would be entitled to six months' severance plus one month for each year of service up to a maximum of 12 months of Dr. Triest's average monthly total compensation (base compensation and earned bonus compensation), and nine months' base pay, respectively. Dr. Triest's employment agreement also provides for, among other things, non-compete and non-solicitation covenants in favour of the Corporation during the term of her employment and during the 12-month period following the date her employment is terminated. If Dr. Triest had been terminated without cause as of March 31, 2020, the total amount owing to Dr. Triest would have been \$106,895. If Dr. Triest had been terminated

due to a change of control as of March 31, 2020, the total amount owing to Dr. Triest would have been \$114,395.

MANAGEMENT CONTRACTS

Management functions of the Corporation are not to any substantial degree performed other than by the directors or executive officers of Appili.

DIRECTORS' AND OFFICERS' LIABILITY INSURANCE

The Corporation carries directors' and officers' liability insurance for its directors and officers. Currently, this insurance covers the liabilities of the Corporation's directors and officers up to a maximum claim of \$10,000,000 for each loss. The Corporation believes this level of coverage is appropriate for a biopharmaceutical company at Appili's stage of development.

SUMMARY OF STOCK OPTION PLAN

The Stock Option Plan was adopted to assist the Corporation in attracting, retaining and motivating directors, officers, employees and consultants and to closely align their personal interests with those of the Corporation's shareholders by providing them with the opportunity, through Options, to acquire Common Shares.

The maximum number of Common Shares issuable under the Stock Option Plan is currently 6,700,000 (10.88% of the issued and outstanding Common Shares). Assuming the passing of the Stock Option Resolution, the maximum number of Common Shares issuable under the Stock Option Plan shall not exceed 10,000,000 (16.23% of the issued and outstanding Common Shares). If any Option granted under the Stock Option Plan is cancelled, expires or terminates for any reason without having been exercised in full, the unpurchased Common Shares subject thereto shall again be available for the purposes of the Stock Option Plan.

The purchase price of the Common Shares issuable upon exercise of each Option granted under the Stock Option Plan (the "**Option Price**") shall be a price fixed for such Option by the Board (or the committee delegated by the Board to administer the Stock Option Plan) upon grant of each such Option provided that such Option Price shall not be lower than the Discounted Market Price (as such term is defined in the Manual) at the time of grant. Options issued under the Stock Option Plan may be exercised during a period determined under the Stock Option Plan, which may not exceed ten years.

Options to acquire more than 2% of the issued and outstanding Common Shares may not be granted to any one consultant in any 12-month period and Options to acquire more than an aggregate of 2% of the issued and outstanding Common Shares may not be granted to persons employed to provide Investor Relations Activities (as such term is defined in the Manual) at any one time. Options granted to acquire more than 5% of the issued and outstanding Common Shares may not be granted to any one individual in any 12-month period.

The Stock Option Plan also provides for adjustments to outstanding Options in the event of an alteration in the capital structure of Appili, merger or amalgamation involving Appili or Appili entering into a plan of arrangement. Moreover, upon a change of control, all Options outstanding under the Stock Option Plan shall become immediately exercisable.

The Board may, in its discretion, but subject to the Manual, at the time of any grant, impose a schedule over which period of time Options will vest and become exercisable by the optionee; however, for so long as the Common Shares are listed on the TSXV, Options granted to persons performing Investor Relations Activities must vest in stages over a 12-month period with no more than one quarter of the Options vesting in any three month period.

An Option is personal to the optionholder and non-assignable assignable other than by will or the laws of succession and distribution. If the optionholder dies or ceases to be eligible under the Stock Option Plan for any other reason, Options that are entitled to be exercised may generally be exercised (subject to certain extensions at the discretion of the Board or a committee thereof) until the earlier of (i) one year or three months, respectively, of the applicable date, or (ii) the expiry date of the Option.

Subject to any required approval of the TSXV, the Board may terminate, suspend or amend the terms of the Stock Option Plan, provided that for certain amendments, the Board must obtain shareholder approval, and, where required, disinterested Shareholder approval (as further set out in Policy 4.4 of the Manual).

TSXV policy requires that amendments to the Stock Option Plan that increases the number of Common Shares to be issued thereunder in excess of 10% be approved by the Shareholders and submitted to the TSXV for acceptance. Further Shareholder approval will not be required for Option grants made in accordance with the Stock Option Plan, except in certain circumstances as set out in the Manual.

SUMMARY OF TSX STOCK OPTION PLAN

A summary of the terms of the TSX Stock Option Plan is provided below. The below is intended as a summary only and is qualified in its entirety by reference to the TSX Stock Option Plan which is attached hereto as Schedule C.

The TSX Stock Option Plan is intended to attract, retain and motivate persons of training, experience and leadership as key service providers to the Corporation and its subsidiaries, including their directors, officers and employees, and to advance the interests of the Corporation. Options may be granted to a director, officer, employee or service provider of the Corporation or any related entity (being a person that controls or is controlled by the Corporation or that is controlled by the same person that controls the Corporation).

The aggregate number of Common Shares issuable upon the exercise of all Options granted under the TSX Stock Option Plan and under all other share compensation arrangements will not exceed 10,000,000 Common Shares. If any Option granted under the TSX Stock Option Plan is: (a) exercised; or (b) cancelled, expires or terminates for any reason without having been exercised in full, the issued and unpurchased Common Shares, respectively, subject thereto shall again be available for the purposes of the TSX Stock Option Plan. Accordingly, the TSX Stock Option Plan requires Shareholder approval in the event the Corporation increases the number of Common Shares which may be issuable in connection with the Options granted thereunder.

Subject to the terms and conditions of the TSX Stock Option Plan, the number of Common Shares subject to each Option, the option price of each Option, the expiration date of each Option, the extent to which each Option is exercisable from time to time during the term of the Option and other terms and conditions relating to each such Option shall be determined by the Nominating and Compensation Committee and recommended to the Board.

The exercise price for any Option issued under the TSX Stock Option Plan may not be less than the Market Price of the Common Shares on the date of which the grant of the Option is approved by the Board. For these purposes, "Market Price" at any date in respect of the Common Shares means the closing sale price of the Common Shares on the TSX on the trading date immediately preceding such date; provided that, (a) in the event that such Common Shares did not trade on such trading day, the Market Price shall be the average of the bid and ask prices in respect of such Common Shares at the close of trading on such trading day; (b) if no quotation is made for the applicable day, the Market Price on such day shall be determined in the manner set forth in the preceding clause for the next preceding trading day; and (c) notwithstanding the foregoing, if there is no reported closing price or high bid/low asked price that satisfies the preceding clauses, the Market Price on any day shall be determined by such methods and procedures as shall be established from time to time by the Nominating and Compensation Committee or the Board, as applicable, and in accordance with the policies of the exchange on which the Common Shares are then principally trading.

Options issued under the TSX Stock Option Plan may be exercised during a period determined under the TSX Stock Option Plan, which may not exceed ten years. Unless otherwise determined by the Board, Options will vest as follows: 33.33% on the first anniversary of the grant, 33.33% on the second anniversary of the grant and 33.34% on the third anniversary of the grant. Any or all Common Shares that have vested may be purchased during the term of the Option.

In addition to the restrictions on maximum issuances set forth above for all security based compensation arrangements, the number Shares which may be issued pursuant to Options granted under the TSX Stock Option Plan to any one person may not exceed 5% of the then aggregate issued and outstanding Common Shares at the date of the grant. The TSX Stock Option Plan does not specifically place any limits on the numbers of Options to be granted to insiders of the Corporation.

An Option is personal to the optionholder and non-assignable (whether by operation of law or otherwise); provided, however, that Options may be transferred or assigned to certain permitted assignees which include a spouse, a trustee acting on behalf of the optionholder or spouse, a holding entity or an RRSP, RRIF or TFSA of the optionholder or spouse. If the optionholder resigns, is terminated for cause or fails to be re-elected as a director, the Options terminate immediately. If the optionholder dies or ceases to be eligible under the TSX Stock Option Plan for any other reason, Options that are entitled to be exercised may generally be exercised (subject to certain extensions at the discretion of the Board or a committee thereof) until the earlier of (i) one year or three months, respectively, of the applicable date, or (ii) the expiry date of the Option.

The TSX Stock Option Plan also provides for the cashless exercise of Options which allows for the optionholder to receive, without cash payment (other than taxes), a number of Common Shares based on the following formula:

$$x = \frac{[a(b - c)]}{b}$$

where

- x = the number of whole Common Shares to be issued
- a = the number of Common Shares under Option
- b = the Market Price of the Common Shares on the date of the cashless exercise
- c = the exercise price of the Option

In the event that the expiry of an Option occurs during a blackout period imposed by management or the Board in accordance with the Policies (as defined herein), the expiry date of such Option shall be deemed to be amended to that date which is ten business days following the end of such blackout period.

In the event of a Change of Control (as defined in the TSX Stock Option Plan) with respect to the Corporation or a Corporate Group entity (which, under the TSX Stock Option Plan, means the Corporation and any subsidiary or related or affiliated business entities of the Corporation and includes any successor corporations or entities thereto), notwithstanding anything in the TSX Stock Option Plan to the contrary, if the employment of an optionee is terminated by the Corporation or a Corporate Group entity without cause or if the optionee resigns in circumstances constituting constructive dismissal by the Corporation or the Corporate Group entity, respectively, in each case, within six months (or such other period as determined by the Board in its sole discretion) following a Change of Control with respect to the Corporation or the Corporate Group entity, respectively (such date being the “**Termination Date**”), all or any of the optionee’s Options will vest immediately prior to the Termination Date (or such later period as determined by the Board in its sole discretion), subject to any performance conditions which shall be dealt with at the discretion of the Board. All vested Options may be exercised until 90 days (or such other period as may be determined

by the Board in its sole discretion) following the Termination Date (but until the normal expiry date of the Option rights of such optionee, if earlier). Upon the expiration of such period, all unexercised Option rights of that optionee shall immediately become terminated and shall lapse notwithstanding the original term of the Option granted to such optionee under the TSX Stock Option Plan.

In the event that the Corporation or the Shareholders receive and accept an offer to acquire all of the Common Shares or substantially all of the assets of the Corporation (a "**Sale Transaction**"), the Corporation may, in its sole discretion, deal with the Options issued under the TSX Stock Option Plan in the manner it deems fair and reasonable in light of the circumstances of the Sale Transaction provided all optionholders to whom Options have been granted under the TSX Stock Option Plan and remain outstanding are treated similarly. In this regard, in the event of a proposed Sale Transaction, the Corporation may, in its sole discretion, by written notice (the "**Notice**") to any optionholder, accelerate the vesting of some or all the Options such that such Options become immediately fully vested. In such circumstances, the Corporation may by written notice compel such optionholder to exercise his or her Options within 30 days of the date of such written notice to exercise, failing which the optionholders right to purchase Common Shares underlying such Options lapses. In addition, and without limiting the generality of the foregoing, in connection with a Sale Transaction, the Corporation may (a) deem any or all Options (vested or unvested) to have been exercised and the Common Shares to have been tendered to the Sale Transaction; (b) apply a portion of the optionholder's proceeds from the closing of the Sale Transaction to the exercise price payable by such optionholder for the exercise of his or her Options; (c) exchange Options, or any portion of them, for options to purchase shares in the capital of the acquiror or any corporation which results from an amalgamation, merger or similar transaction involving the Corporation made in connection with the Sale Transaction; or (d) take such other actions, and combinations of the foregoing actions, as it deems fair and reasonable under the circumstances. If the proposed Sale Transaction is not completed within 180 days after the date of the Notice, any affected optionholder, within a period of 10 days following the 180-day period, may elect to cancel an exercise pursuant to the Notice. In respect of any optionholder who makes this election, the Corporation will return to such optionholder all rights under such optionholder's Options as if no exercise had been effected, subject to the appropriate adjustment of accounts to the position that would have existed had there been no exercise of Options.

In the event that any formal bid (as defined in the *Securities Act* (Ontario)) for the Common Shares made (an "**Offer**"), all Common Shares subject to outstanding Options not then exercisable shall thereupon become immediately exercisable. Further, optionholders shall be entitled to include in the written notice of election to exercise all or any part of the Option that such optionholder is electing to exercise the Option with the intention of tendering the Common Shares acquired upon such exercise into the Offer. If such election is made, in the event that the Offer is not completed and the relevant Common Shares are not taken up and paid for by the offeror under such Offer (or a competing Offer), such optionholder shall, upon return of certificates representing such Common Shares, be deemed not to have exercised the Option with respect to such Common Shares and the Corporation shall return to such optionholder the subscription proceeds therefor and/or take such other actions to enable the parties to re-establish as closely as possible their situations and respective economic positions as they existed prior to the making of the Offer and had no Options become exercisable as a result thereof, while making allowance for taxation, regulatory and other irreversible events and consequences which may have intervened since the making of the Offer.

The TSX Stock Option Plan contains certain customary adjustment provisions, including in connection with a subdivision, redivision, consolidation, reclassification, reorganization or other change of, or involving, the Common Shares.

Subject to applicable regulatory requirements, including the rules of the exchange on which the Common Shares are then principally trading, and except as provided below, the Board may, in its sole and absolute discretion and without Shareholder approval, amend, suspend, terminate or discontinue the TSX Stock Option Plan and may amend the terms and conditions of Options granted pursuant to the TSX Stock Option Plan.

Without limiting the generality of the foregoing, the Board may make the following amendments to the TSX Stock Option Plan without obtaining Shareholder approval: (a) amendments to the terms and conditions of

the TSX Stock Option Plan necessary to ensure that the TSX Stock Option Plan complies with the applicable regulatory requirements, including the rules of the exchange on which the Common Shares are then principally trading; (b) amendments to the provisions of the TSX Stock Option Plan respecting administration of the TSX Stock Option Plan and eligibility for participation under the TSX Stock Option Plan; (c) amendments to the provisions of the TSX Stock Option Plan respecting the terms and conditions on which Options may be granted pursuant to the TSX Stock Option Plan, including the provisions relating to the term of the Option and the vesting schedule; and (d) amendments to the TSX Stock Option Plan that are of a “housekeeping” nature.

However, the Board may not, without the approval of the Shareholders, make amendments with respect to the following: (a) an increase to the TSX Stock Option Plan maximum or the number of securities issuable under the TSX Stock Option Plan; (b) a reduction in the option price of an Option benefitting an insider; (c) an extension to the term of Options (other than as a result of a blackout period extension) benefitting an insider; (d) any amendment which would permit Options granted under the TSX Stock Option Plan to be transferable or assignable other than to a permitted assignee and for normal estate settlement purposes; (e) changes to the insider participation limits; and (f) amendments to the TSX Stock Option Plan amendment provisions.

SECURITIES AUTHORIZED FOR ISSUANCE UNDER EQUITY COMPENSATION PLANS

The following table summarizes equity securities that have been issued and are available for issuance under the Stock Option Plan as of March 31, 2020:

	Number of Securities to be Issued Upon Exercise of Outstanding Options, Warrants and Rights	Weighted-Average Exercise Price of Outstanding Options, Warrants and Rights	Number of Securities Remaining Available for Future Issuance under Equity Compensation Plans (excluding securities reflected in column (a))
Plan category	(a)	(b)	(c)
Equity compensation plans approved by securityholders	4,412,582	0.64	2,287,418
Equity compensation plans not approved by securityholders	N/A	N/A	Nil
Total	4,412,582	0.64	2,287,418

Please see “*Summary of Stock Option Plan*” for a description of the material features of the Stock Option Plan.

Annual Burn Rate Under Stock Option Plan

The following table sets forth the annual burn rate, calculated in accordance with the TSX Company Manual, in respect of the Stock Option Plan for each of the three most recently completed years:

Description ⁽¹⁾	March 31, 2020	March 31, 2019	March 31, 2018
Stock Option Plan	5.81%	3.49%	3.91%

Note:

- (1) The annual burn rate is calculated as follows and expressed as a percentage: (a) number of options granted under the specified plan during the applicable fiscal year; divided by (b) the weighted average number of securities outstanding for the applicable fiscal year.

INDEBTEDNESS OF DIRECTORS AND EXECUTIVE OFFICERS

There is no indebtedness outstanding of any executive officers, directors, employees or former executive officers, directors or employees of the Corporation or to another entity which is the subject of a guarantee, support agreement, letter of credit or other similar arrangement or understanding provided by the Corporation, entered into in connection with a purchase of securities or otherwise.

In addition, no individual who is, or at any time during the most recently completed financial year of the Corporation was, a director or executive officer of the Corporation, no proposed nominee for election as a director of the Corporation and no associate of any such person:

- (a) is or at any time since the beginning of the most recently completed financial year of the Corporation has been, indebted to the Corporation; or
- (b) whose indebtedness to another entity is, or at any time since the beginning of the most recently completed financial year of the Corporation has been, the subject of a guarantee, support agreement, letter of credit or other similar arrangement or understanding provided by the Corporation,

whether in relation to a securities purchase program or other program.

STATEMENT OF CORPORATE GOVERNANCE

General

Under National Instrument 58-101 – *Disclosure of Corporate Governance Practices*, the Corporation is required to disclose certain information relating to its corporate governance practices. This information is set forth below.

Mandate of the Board

The Board has adopted a written mandate (the “**Board Mandate**”) that acknowledges its responsibility for the stewardship of the business and affairs of the Corporation. A copy of the Board Mandate is attached to this Information Circular as Schedule D.

Composition of the Board

The Board is composed of five directors, three of whom qualify as independent directors. For this purpose, a director is independent if he or she has no direct or indirect “material relationship” with Appili. A “material relationship” is a relationship which could, in the view of the Board, be reasonably expected to interfere with the exercise of the director’s independent judgment. Among others, an individual who has been an employee or executive officer of the Corporation within the last three years is considered to have a material relationship with the Corporation.

Of the directors, Ian Mortimer (Chair), Theresa Matkovits, and Juergen Froehlich are considered independent. Messrs. Brian Bloom and Armand Balboni are not independent by virtue of their affiliation with Bloom Burton, a principal shareholder of the Corporation, as well as Dr. Balboni acting as CEO of the Corporation.

As noted above, Ian Mortimer, the Chair of the Board, is an independent director of the Corporation. The Chair of the Board chairs Board meetings and is responsible for overseeing the performance by the Board of its duties, for setting the agenda of each Board meeting (in consultation with the CEO), for communicating periodically with Board committee chairs regarding the activities of their respective committees, for assessing the effectiveness of the Board as a whole, as well as individual Board members, and for ensuring the Board works as a cohesive team and providing the leadership essential to achieve this.

The Board believes that management is effectively supervised by the three independent directors, as the independent directors are actively and regularly involved in reviewing the operations of the Corporation and have regular and full access to management not represented on the Board.

The independent directors do not hold regularly scheduled meetings at which non-independent directors and members of management are not in attendance. Rather, a portion of each meeting is set aside for meetings of the independent directors, if requested. During the course of a Board meeting, if a matter is more effectively dealt with without the presence of members of management, the independent directors will request that members of management leave the meeting, and the independent directors then meet in camera. The independent directors communicate with each other on an informal basis throughout the year.

Position Descriptions

The Board has not adopted written position descriptions for the Chair of the Board or the Chair of each Board committee, on the basis that the role of the Chair of the Board, Ian Mortimer, and the role of the Chair of each committee, is well understood by all of the directors. The Board also has not adopted a written position description for the CEO, Armand Balboni, on the basis that his role and responsibilities are set out in his employment agreement and are well understood by Dr. Balboni and the other directors.

Board Observer

Dr. Lidija Marusic, Investment Manager at Innovacorp, serves as a Board observer (the “**Board Observer**”). Under the terms of a board observer agreement between the Corporation and the Board Observer dated June 11, 2019 (the “**Board Observer Agreement**”), the Corporation granted the Board Observer the right to attend such meetings of the Board as the Board, in its sole discretion, may determine, in each case in a non-voting, observer capacity. The Board Observer may, at the sole discretion of the Board, participate in discussions of matters brought to the Board for consideration, but in no event shall the Board Observer (i) take an active role in any Board meeting such as by moving any motion, voting on any matter or seeking to influence the actions of the Board; (ii) sign any Board resolution; (iii) be deemed to be a member of the Board or hold herself out as a member of the Board; and (iv) without limitation of the obligations expressly set forth in the Board Observer Agreement, have or be deemed to have, or otherwise be subject to, any duties (fiduciary or otherwise) to the Corporation or the Shareholders. Notwithstanding the foregoing, the Corporation may exclude the Board Observer from access to any Board materials, meeting or portion thereof if the Board, in its sole discretion, concludes that such exclusion is desirable or appropriate. The Board Observer is responsible for all out-of-pocket expenses incurred by the Board Observer in connection with the Board Observer acting in such capacity. The Board Observer Agreement may be terminated by either party at any time by notice to the other party.

Directorships

Currently only Ian Mortimer serves on the board of directors of another reporting issuer, Perimeter Medical Imaging AI, Inc. (TSXV: PINK). None of the remaining directors currently serve on the boards of directors of other reporting issuers (or the equivalent).

Director Attendance

The attendance record of each director for all Board and Board committee meetings held since April 1, 2019 is as follows:

Name of Director	Board Meetings (Attended/Held)	Audit Committee Meetings (Attended/Held)	Compensation and Nominating Committee Meetings (Attended/Held)	Pricing Committee (Attended/Held) ⁽¹⁾
Armand Balboni ⁽²⁾	4/4	-	-	-
Brian Bloom	4/4	-	-	-
Ian Mortimer	4/4	4/4	5/5	2/2
Theresa Matkovits	4/4	4/4	5/5	2/2
Juergen Froehlich ⁽³⁾	2/2	1/1	-	2/2
Kevin Sullivan ⁽⁴⁾	2/2	-	-	-
Stephen Nicolle ⁽⁵⁾	3/3	3/3	5/5	-

Notes:

- (1) The Pricing Committee was formed in connection with each of the February 2020 Offering and the June 2020 Offering (as such terms are defined herein).
- (2) Appointed to the Board on December 2, 2019.
- (3) Appointed to the Board on January 24, 2020.
- (4) Resigned from the Board on December 2, 2019.
- (5) Resigned from the Board, the Compensation and Nominating Committee and the Audit Committee on January 24, 2020.

Orientation and Continuing Education

Appili provides new directors with copies of relevant financial, technical and other information regarding its programs. Board members are also encouraged to communicate with management and the auditor and, to keep themselves current with industry trends and developments. Board members have full access to the Corporation's records.

Board committee meetings are sometimes combined with presentations by the Corporation's management and employees to give the directors of the Corporation additional insight into the Corporation's business. In addition, management of the Corporation makes itself available for discussion with all Board members. The Nominating and Compensation Committee is responsible for approving director education programs and overseeing the training and orientation of directors. However, each current member of the Board is an experienced director who is aware of his or her responsibility to maintain the skill and knowledge necessary to meet his or her obligations as a director.

Ethical Business Conduct

The Corporation has adopted a Code of Business Conduct and Ethics (the "**Code**") applicable to directors, officers and employees. All directors, officers and employees are provided with a copy of the Code and are required to sign an acknowledgement that they have read and agree to comply with the terms of the Code. The Board satisfies itself regarding compliance with the Code through its review of the activities of the Corporation, discussions by the Audit Committee with the external auditor of the Corporation without management present, and enquiries within management.

Conflicts, if any, will be subject to the procedures and remedies available under the *Canada Business Corporations Act* (the "**CBCA**"). The CBCA generally provides that in the event that a director has an interest in a material contract or proposed contract or transaction, the director shall disclose his or her interest in

such contract or transaction and shall refrain from voting on any matter in respect of such contract or transaction unless otherwise provided by the CBCA.

The Corporation has adopted a Disclosure Policy and a Trading Policy (collectively, the “**Policies**”). The directors of the Corporation encourage and promote an overall culture of ethical business conduct by promoting compliance with applicable laws, rules and regulations, providing guidance to employees, directors and officers to help them recognize and deal with ethical issues, promoting a culture of open communication, honesty and accountability and ensuring awareness of disciplinary action for violations of ethical conduct.

Copies of the Code and the Policies are available on the Corporation’s website at www.appilitherapeutics.com/corporate-governance.

Nomination of Directors and Compensation

The Nominating and Compensation Committee assumes the responsibility for nominating directors. The Nominating and Compensation Committee is responsible for identifying and recommending potential nominees for directorship. The process by which the Nominating and Compensation Committee identifies new candidates is through recommendations from individual members based on corporate law and regulatory requirements as well as relevant education and experience related to the Corporation’s business with a view to diversity (see “*Board and Management Diversity*”).

Compensation matters are currently determined by the Nominating and Compensation Committee. The Nominating and Compensation Committee is responsible for reviewing the compensation plans and severance arrangements for management, to ensure they are commensurate with comparable companies. The Nominating and Compensation Committee ensures that Appili has a plan for continuity of its officers and an executive compensation plan that is motivational and competitive.

For more information on the Nominating and Compensation Committee, see “*Compensation Discussion and Analysis – Nominating and Compensation Committee*”.

Audit Committee

The Board has established an Audit Committee that is currently comprised of Ian Mortimer (Chair), Theresa Matkovits and Juergen Froehlich, all of whom are “independent” and “financially literate” as defined in National Instrument 52-110 – *Audit Committees*. For further information regarding the Audit Committee, see the section entitled “*Audit Committee*” in the Corporation’s annual information form dated June 24, 2020 for its fiscal year ended March 31, 2020 (the “**AIF**”) as well as Appendix A to the AIF (collectively, the “**AIF Audit Committee Disclosure**”). The AIF Audit Committee Disclosure is incorporated by reference into, and forms an integral part of, this Information Circular. The AIF is accessible through SEDAR at www.sedar.com and is also available on the Corporation’s website at www.appilitherapeutics.com. The Corporation will, upon request at #21-1344 Summer Street, Halifax, Nova Scotia B3H 0A8, Attention: CFO, provide a copy of the AIF free of charge to any securityholder of the Corporation.

Assessments

Based upon the Corporation’s size, its current state of development and the number of individuals on the Board, the Board considers a formal process for assessing the effectiveness and contribution of the Board as a whole, its committees or individual directors to be unnecessary at this time. In light of the fact that the Board and its committees meet on several occasions each year, each director has regular opportunity to assess the Board as a whole, its committees and other directors in relation to the Board’s and such director’s assessment of the competencies and skills that the Board and its committees should possess. The Board plans to continue to evaluate its own effectiveness and the effectiveness of its committees and individual directors in such manner.

Director Term Limits and Other Mechanisms of Board Renewal

Directors are to be elected at each annual meeting of Shareholders to hold office for a term expiring at the next annual general meeting of Shareholders or until his or her successor is duly elected or appointed, unless he or she resigns, is removed or becomes disqualified in accordance with the Corporation's governing legislation. Nominees will be nominated by the Nominating and Compensation Committee, in each case for election by Shareholders as directors in accordance with the provisions of the Corporation's constating documents and applicable corporate and securities laws. All nominees who are nominated by the Nominating and Compensation Committee will be included in the proxy-related materials to be sent to Shareholders prior to each annual meeting of Shareholders. The Corporation has not adopted term limits for the directors or other mechanisms of Board renewal. The Nominating and Compensation Committee and the Board recognize the benefit that new perspectives, ideas and business strategies can offer and support periodic Board renewal. The Nominating and Compensation Committee and the Board also recognize that a director's experience and knowledge of the Corporation's business is a valuable resource. Accordingly, the Board believes that the Corporation and the Shareholders are best served by the regular assessment of the effectiveness of the Board rather than by fixed age, tenure and other limits.

Board and Management Diversity

The Board is committed to maintaining high standards of corporate governance in all aspects of the Corporation's business and affairs and recognizes the benefits of fostering greater diversity in the boardroom. A fundamental belief of the Board is that a diversity of perspectives maximizes the effectiveness of the Board and decision-making in the best interests of the Corporation. This belief in diversity was confirmed by specifically including diversity in the mandate of the Nominating and Compensation Committee. The provision states that the Nominating and Compensation Committee will establish and recommend to the Board qualification criteria (with regard to diversity, gender, age, expertise and experience (industry, professional and public service)) for the selection of new candidates to serve on the Board. Accordingly, consideration of the number of women on the Board, along with consideration of whether other diverse attributes are sufficiently represented, is an important component in the search for and selection of candidates. However, the Corporation has not adopted a formal written policy related to the identification and nomination of women directors. The Corporation does, however, appreciate the value of a diverse Board and believes that diversity helps it reach its efficiency and skill objectives for the greater benefit of Shareholders. No specific quota for gender representation on the Board has been adopted so as to allow the Nominating and Compensation Committee to perform an overall assessment of the qualities and skills of a potential candidate instead of concentrating on gender, which also helps avoid creating situations where one might think that a person was not retained based solely on that criterion.

Consideration of opportunities for representation of members of Designated Groups (as defined in the *Employment Equity Act*) other than women is also an important consideration in the longer term planning of the Corporation's diversity strategy. The Nomination and Compensation Committee will evaluate and assess candidates for Board nominations with regard to achieving a representative understanding of issues unique to Designated Groups. Specific targets for participation by members of Designated Groups other than woman are not currently set, and the Corporation does not currently have a formal written policy related to the identification and nomination of directors from Designated Groups.

When the Board selects candidates for executive officer positions, it considers not only the qualifications, personal qualities, business background and experience of the candidates, it also considers the composition of the group of nominees, to best bring together a selection of candidates allowing the Corporation's management to perform efficiently and act in the best interest of the Corporation and the Shareholders. The Corporation is aware of the benefits of diversity both on the Board and at the executive level, and therefore female representation is one factor taken into consideration during the search process to fill leadership roles within the Corporation. However, the Corporation has not adopted a formal target regarding women in executive officer positions as the Corporation considers candidates based on their qualifications, personal qualities, business background and experience, and feels that establishing targets may not necessarily result in the identification or selection of the best candidates.

The Corporation aspires towards Board composition in which each gender comprises at least one-third of the independent directors. There is currently one (20%) woman on the Board. One of the five (20%) nominees to the Board is a woman. One of the three (33¹/₃%) executive officers of the Corporation is a woman. The Corporation currently has no Board members who are Indigenous peoples, visible minorities or persons with disabilities. In total, one of five Board members (20%) are members of Designated Groups.

INTEREST OF INFORMED PERSONS IN MATERIAL TRANSACTIONS

Other than as set forth in this Information Circular, management of the Corporation is not aware of any material interest, direct or indirect, of any informed person or proposed director of the Corporation or any associate or affiliate of any such persons in any transaction since the commencement of the Corporation's most recently completed financial year or in any proposed transaction which has materially affected or would materially affect the Corporation.

For the purposes of this Information Circular, an "informed person" means: (a) a director or executive officer of the Corporation; (b) a director or executive officer of a person or company that is itself an informed person or subsidiary of the Corporation; (c) any person or company who beneficially owns, or controls or directs, directly or indirectly, voting securities of the Corporation or a combination of both carrying more than 10% of the voting rights attached to all outstanding voting securities of the Corporation other than voting securities held by the person or company as underwriter in the course of a distribution; and (d) the Corporation in the event it has purchased, redeemed or otherwise acquired any of its securities, for so long as it holds any of its securities.

Bloom Burton Securities Inc. ("**BBSI**") is a wholly-owned subsidiary of Bloom Burton. Brian Bloom is a director and officer, and Armand Balboni is a director, of BBSI. In addition, Brian Bloom is the CEO and Chair, and Armand Balboni is a partner, senior advisor and director, of Bloom Burton. BBSI acted as: (a) lead agent on the public offering of units of the Corporation completed on February 20, 2020 (the "**February 2020 Offering**"); and (b) lead agent on the public offering of units of the Corporation completed on June 10, 2020 (the "**June 2020 Offering**"). BBSI received an aggregate cash fee for its services in connection with the February 2020 Offering and June 2020 Offering of \$485,448 and was issued an aggregate of 537,322 broker warrants.

MANAGEMENT CONTRACTS

During the most recently completed fiscal year, the management functions of the Corporation were substantially performed by the directors and executive officers of the Corporation.

SHAREHOLDER PROPOSALS

Pursuant to Section 137 of the CBCA, any notice of a shareholder proposal intended to be raised at the next annual meeting of Shareholders must be submitted to the Corporation at its registered office on or before the date that is at least 90 days prior to the anniversary date of the notice of meeting that was sent to Shareholders in connection with the previous annual meeting of Shareholders to be considered for inclusion in the management information circular for the next annual meeting of the Shareholders. Shareholder proposals need be recognized only if made in accordance with the foregoing procedure, the provisions of the CBCA and the Corporation's bylaws.

In accordance with the CBCA, shareholder proposals must be received by April 14, 2021 to be considered for inclusion in the management information circular for the Corporation's 2021 annual meeting of Shareholders.

OTHER BUSINESS

Although the accompanying Notice of Meeting and Information Circular provides for the transaction of such other business as may properly come before the Meeting, the Board has no knowledge of any matters to

be presented at the Meeting other than those referred to herein. However, the enclosed Instrument of Proxy gives discretionary authority to vote with respect to amendments or variations to matters identified in the Notice of Meeting and with respect to other matters that may properly come before the Meeting.

ADDITIONAL INFORMATION

Additional information relating to the Corporation is available on the SEDAR website at www.sedar.com.

Financial information relating to the Corporation is provided in its financial statements for the fiscal year ended March 31, 2020 and related management's discussion and analysis. Securityholders may obtain a copy of such documents by contacting Kimberly Stephens, CFO, at kstephens@apilitherapeutics.com.

BOARD APPROVAL

The contents and sending of the Notice of Meeting and Information Circular have been approved by the Board and this Information Circular has been sent to each director of the Corporation, each Shareholder entitled to notice of the Meeting and the auditor of the Corporation.

DATED at Halifax, Nova Scotia on July 13, 2020.

BY ORDER OF THE BOARD

(signed) Ian Mortimer

Ian Mortimer, Chairman

SCHEDULE A

STOCK OPTION PLAN RESOLUTION

“BE IT RESOLVED THAT:

1. subject to regulatory approval, the amendment to the second amended and restated stock option plan of Appili Therapeutics Inc. (the “Corporation”), as described in the management information circular of the Corporation dated July 13, 2020, to increase the maximum number of common shares of the Corporation under such plan from 6,700,000 to 10,000,000 is hereby approved;
2. any one director or officer of the Corporation is hereby authorized to make all such arrangements, to do all acts and things and to sign and execute all documents and instruments in writing, whether under the corporate seal of the Corporation or otherwise, as may be considered necessary or advisable to give full force and effect to the foregoing; and
3. the directors of the Corporation may revoke this resolution before it is acted upon without further approval of the shareholders of the Corporation.”

SCHEDULE B

TSX STOCK OPTION PLAN RESOLUTION

“BE IT RESOLVED THAT, subject to the listing of the common shares of the Corporation on the Toronto Stock Exchange (the **“TSX”**):

1. the third amended and restated stock option plan of the Corporation (the **“TSX Stock Option Plan”**) as set out in the management information circular of the Corporation dated July 13, 2020 (the **“Circular”**), subject to such amendments of a housekeeping nature as are required to comply with the requirements of the TSX, is hereby approved, effective as of the date of listing of the Common Shares on the TSX;
2. the TSX Stock Option Plan, upon coming into effective, shall replace and supersede all prior option plans of the Corporation (including the Stock Option Plan (as described in the Circular));
3. the unallocated entitlements under the TSX Stock Option Plan be and are hereby approved until August 12, 2023;
4. any one director or officer of the Corporation is hereby authorized to make all such arrangements, to do all acts and things and to sign and execute all documents and instruments in writing, whether under the corporate seal of the Corporation or otherwise, as may be considered necessary or advisable to give full force and effect to the foregoing; and
5. the directors of the Corporation may revoke this resolution before it is acted upon without further approval of the shareholders of the Corporation.”

SCHEDULE C

TSX STOCK OPTION PLAN

(please see attached)

APPILI THERAPEUTICS INC.
THIRD AMENDED AND RESTATED STOCK OPTION PLAN
(effective as of [●], 2020)

1. **PURPOSE OF THE PLAN**

1.1 The purpose of the Plan is to attract, retain and motivate persons of training, experience and leadership as key service providers to the Corporation and its Subsidiaries, including their directors, officers and employees, and to advance the interests of the Corporation by providing such persons with the opportunity, through share options, to acquire an increased proprietary interest in the Corporation.

2. **DEFINED TERMS**

Where used herein, the following terms shall have the following meanings, respectively:

2.1 **“Board”** means the board of directors of the Corporation as may be constituted from time to time;

2.2 **“Cause”** means any act or omission by the Eligible Person which would in law permit an employer to, without notice or payment in lieu of notice, terminate the Eligible Person’s employment or services, and shall include without limitation the meaning attributed thereto in the employment agreement or consulting agreement, as may be applicable, of such Eligible Person.

2.3 **“Change of Control”** means

- (a) any transaction at any time and by whatever means pursuant to which any person or any group of two or more persons acting jointly or in concert (other than the Corporation or any wholly owned subsidiary of the Corporation) thereafter acquires the direct or indirect beneficial ownership of, or acquires the right to exercise control or direction over, securities of the Corporation representing 50% or more of the then issued and outstanding voting securities of the Corporation in any manner whatsoever, including, without limitation, as a result of a Take-over Bid (as defined in National Instrument 62-104 - *Take-over Bids and Issuer Bids*, as amended from time to time), an issuance or exchange of securities, an amalgamation of the Corporation with any other person, an arrangement, a capital reorganization or any other business combination or reorganization;
- (b) the sale, assignment or other transfer of all or substantially all of the assets of the Corporation to a person or any group of two or more persons acting jointly or in concert (other than a wholly-owned subsidiary of the Corporation);
- (c) the date which is 10 business days prior to the consummation of a complete dissolution or liquidation of the Corporation, except in connection with the distribution of assets of the Corporation to one or more persons which were wholly-owned subsidiaries of the Corporation prior to such event;
- (d) the occurrence of a transaction requiring approval of the Corporation's security holders whereby the Corporation is acquired through consolidation, merger, exchange of securities, purchase of assets, amalgamation, statutory arrangement or otherwise by any person or any group of two or more persons acting jointly or in concert (other than an exchange of securities with a wholly-owned subsidiary of the Corporation);

- (e) the Board passes a resolution to the effect that an event comparable to an event set forth in this definition has occurred; or
- (f) a majority of the members of the Board are replaced during any twelve-month period by directors whose appointment or election is not endorsed by a majority of the Board before the date of appointment or election.

Notwithstanding the foregoing, a transaction or a series of related transactions will not constitute a Change of Control if such transaction(s) result(s) in the Corporation or Corporate Group entity, or any successor to the Corporation's or Corporate Group entity's respective business, being controlled, directly or indirectly, by the same Person or Persons who controlled the Corporation or the Corporate Group entity, respectively, directly or indirectly, immediately before such transaction(s);

2.4 **"Committee"** means a committee which may be appointed by the Board to administer the Plan;

2.5 **"Corporation"** means Appili Therapeutics Inc. and includes any successor corporation thereto;

2.6 **"Corporate Group"** means any of the Corporation's subsidiaries, related and affiliated corporations, limited partnerships and other business entities and includes any successor corporations or entities thereto;

2.7 **"Eligible Person"** means:

- (a) a director, officer, employee or Service Provider of the Corporation or any Related Entity (an **"Eligible Individual"**); or
- (b) a permitted assign (a **"Permitted Assign"**) as such term is defined in NI 45-106 in respect of the Eligible Individual, and includes (i) spouse of the Eligible Individual, (a) a trustee, custodian or administrator acting on behalf of, or for the benefit of, the Eligible Individual or his or her spouse, (ii) a holding entity (as such term is defined in NI 45-106) of the Eligible Individual or his or her spouse, or (iii) an RRSP, RRIF or TFSA of the Eligible Individual or his or her spouse, and, in the case of Eligible Individuals who are resident outside of Canada or are otherwise subject to the applicable laws outside of Canada, those Persons who are permitted assigns pursuant to such laws;

2.8 **"Exchange"** means the TSX or such other exchange on which the Shares are then principally trading;

2.9 **"Insider"** has the meaning set forth in the applicable rules of the Exchange or if the Shares are not then trading on any recognized stock exchange, then "Insider" shall have the meaning ascribed thereto in the *Securities Act* (Ontario);

2.10 **"Market Price"** at any date in respect of the Shares means the closing sale price of such Shares on the Exchange on the trading day immediately preceding such date. In the event that such Shares did not trade on such trading day, the Market Price shall be the average of the bid and ask prices in respect of such Shares at the close of trading on such trading day. If no quotation is made for the applicable day, the Market Price on such day shall be determined in the manner set forth in the preceding sentence for the next preceding trading day. Notwithstanding the foregoing, if there is no reported closing price or high

bid/low asked price that satisfies the preceding sentences, the Market Price on any day shall be determined by such methods and procedures as shall be established from time to time by the Board or Committee, as applicable and in accordance with the policies of the Exchange;

2.11 “**NI 45-106**” means National Instrument 45-106: *Prospectus Exemptions*;

2.12 “**Option**” means an option to purchase Shares granted to an Eligible Individual under the Plan;

2.13 “**Option Price**” means the price per Share at which Shares may be purchased under an Option, as the same may be adjusted from time to time in accordance with Article 9 hereof;

2.14 “**Optionee**” means an Eligible Individual to whom an Option has been granted (or Permitted Assign, if applicable) and who continues to hold such Option;

2.15 “**Person**” means an individual, partnership, limited partnership, corporation, limited liability company, trust, joint venture, unincorporated association, or other entity or association;

2.16 “**Plan**” means this third amended and restated Stock Option Plan, as the same may be further amended or varied from time to time;

2.17 “**Related Entity**” means the Corporation, a Person that controls or is controlled by the Corporation or that is controlled by the same Person that controls the Corporation;

2.18 “**RRIF**” means a registered retirement income fund as defined in the *Income Tax Act* (Canada);

2.19 “**RRSP**” means a registered retirement savings plan as defined in the *Income Tax Act* (Canada);

2.20 “**Service Provider**” means a consultant as such term is defined in NI 45-106 and includes a service provider as such term is defined in clause 613(b) of the TSX Company Manual;

2.21 “**Shares**” means the Class A common shares of the Corporation or, in the event of an adjustment contemplated by Article 9 hereof, such other shares or securities to which an Optionee may be entitled upon the exercise of an Option as a result of such adjustment;

2.22 “**Subsidiaries**” has the meaning set forth in NI 45-106;

2.23 “**TFSA**” means a tax-free savings account as described in the *Income Tax Act* (Canada); and

2.24 “**TSX**” means the Toronto Stock Exchange.

3. **ADMINISTRATION OF THE PLAN**

3.1 The Plan shall be administered by the Board or by the Committee if so appointed by the Board.

3.2 If a Committee is appointed by the Board, the Committee shall recommend to the Board, and in any event the Board shall have the power, where consistent with the general purpose and intent of the Plan and subject to the specific provisions of the Plan and the rules of the Exchange:

- (a) to establish policies and to adopt rules and regulations for carrying out the purposes, provisions and administration of the Plan;

- (b) to interpret and construe the Plan and to determine all questions arising out of the Plan or any Option, and any such interpretation, construction or determination made by the Board shall be final, binding and conclusive for all purposes;
- (c) to determine the number of Shares covered by each Option;
- (d) to determine the Option Price of each Option;
- (e) to determine the time or times when Options will be granted and exercisable;
- (f) to determine if the Shares which are issuable on the exercise of an Option will be subject to any restrictions upon the exercise of such Option; and
- (g) to prescribe the form of the instruments relating to the grant, exercise and other terms of Options.

3.3 Except as provided in this Section 3.3 and subject to Section 5.7, no member of the Committee shall, during the currency of his or her membership on the Committee, be entitled to participate in the Plan. A member of the Committee may be entitled to participate in the Plan only if an Option is granted, and the terms and provisions thereof determined, by the Board without such member of the Committee participating in any way whatsoever in the granting of an Option to, or the determinations made with respect to, such member of the Committee or to such Option; and the Board shall, with respect to such member of the Committee, be vested with all power and authority otherwise granted to the Committee pursuant to the Plan and the term "Committee" as used herein shall mean the Board for such purposes.

The Committee may, in its discretion, require as conditions to the grant or exercise of any Option that the Optionee shall have:

- (a) represented, warranted and agreed in form and substance satisfactory to the Corporation that he or she is acquiring and will acquire such Option and the Shares to be issued upon the exercise thereof or, as the case may be, is acquiring such Shares, for his or her own account, for investment and not with a view to or in connection with any distribution, that he or she has had access to such information as is necessary to enable him or her to evaluate the merits and risks of such investment and that he or she is able to bear the economic risk of holding such Shares for an indefinite period;
- (b) agreed to restrictions on transfer in form and substance satisfactory to the Corporation and to an endorsement on any option agreement on certificate representing the Shares making appropriate reference to such restrictions; and
- (c) agreed to indemnify the Corporation in connection with the foregoing.

3.4 Any Option granted under the Plan shall be subject to the requirement that, if at any time counsel to the Corporation shall determine that the listing, registration or qualification of the Shares subject to such Option upon any securities exchange or under any law or regulation of any jurisdiction, or the consent or approval of any securities exchange or any governmental or regulatory body, is necessary as a condition of, or in connection with, the grant or exercise of such Option or the issuance or purchase of Shares thereunder, such Option may not be accepted or exercised in whole or in part unless such listing, registration, qualification, consent or approval shall have been effected or obtained on conditions

acceptable to the Committee. Nothing herein shall be deemed to require the Corporation to apply for or to obtain such listing, registration, qualification, consent or approval.

4. SHARES SUBJECT TO THE PLAN

4.1 Subject to adjustment as provided in Article 9 hereof, the Shares to be offered under the Plan shall consist of the Corporation's authorized but unissued Shares. The aggregate number of Shares issuable upon the exercise of all Options granted under the Plan and under all other share compensation arrangements shall not exceed 10,000,000 Shares, subject to the reloading permitted under Section **Error! Reference source not found.** (which reloading may increase the aggregate number of additional Shares permitted to be reserved hereunder).

4.2 Shares in respect of which Options have expired, were exercised, cancelled or otherwise terminated for any reason shall be available for subsequent Options under the Plan and in the case of exercised Options, the Company shall reserve additional Shares for issuance pursuant to such Options.

4.3 No fractional Shares may be purchased or issued under the Plan.

5. ELIGIBILITY; GRANT; and TERMS OF OPTIONS

5.1 Options may be granted to any Eligible Individuals in accordance with Section 5.2 hereof.

5.2 Options may be granted by the Corporation pursuant to the determination of the Board or the recommendations of the Committee from time to time provided and to the extent that such decisions of the Committee are approved by the Board.

5.3 Subject to the terms herein and otherwise specifically provided in this Article 5, the number of Shares subject to each Option, the Option Price of each Option, the expiration date of each Option, the extent to which each Option is exercisable from time to time during the term of the Option and other terms and conditions relating to each such Option shall be determined by: (a) the Board; or (b) if the Board has appointed a Committee, then the Committee and recommended to the Board.

5.4 In the event that no specific determination is made by the Board or Committee, as applicable, with respect to any of the following matters, each Option shall, subject to any other specific provisions of the Plan, contain the following terms and conditions:

- (a) the term during which an Option shall be exercisable shall be ten (10) years from the date the Option is granted to the Optionee; and
- (b) the Shares covered by the Option shall vest as follows: 33.33% on the first anniversary of the grant, 33.33% on the second anniversary of the grant and 33.34% on the third anniversary of the grant. Any or all Shares that have vested may be purchased during the term of the Option.

5.5 Subject to any adjustments pursuant to the provisions of Article 9 hereof, the Option Price of any Option shall be in no circumstances lower than the Market Price on the date of which the grant of the Option is approved by the Board. Notwithstanding the foregoing, in the event that the Shares are not listed on any stock exchange on the date on which the grant of an Option is approved by the Board, the Option Price for such Option shall be determined by the Board. If, as and when any Shares have been duly purchased and

paid for under the terms of an Option, such Shares shall be conclusively deemed allotted and issued as fully paid non-assessable Shares at the price paid therefor.

5.6 No Options shall be granted to any Optionee if the total number of Shares issuable to such Optionee under this Plan, together with any Shares issuable to such Optionee under options for services or any other share compensation arrangement, would exceed 5% of the issued and outstanding Shares at the date of grant.

5.7 An Option is personal to the Optionee and non-assignable (whether by operation of law or otherwise), except as provided for herein. Upon any attempt to transfer, assign, pledge, hypothecate or otherwise dispose of an Option contrary to the provisions of the Plan, or upon the levy of any attachment or similar process upon an Option, the Option shall, at the election of the Corporation, cease and terminate and be of no further force or effect whatsoever. Notwithstanding the foregoing restrictions, Options may be transferred or assigned between an Eligible Individual and the related Permitted Assign provided the assignor delivers notice to the Corporation prior to the assignment substantially in the form of Schedule B attached hereto.

6. TERMINATION OF EMPLOYMENT AND DEATH

6.1 Subject to Sections 6.2 and 6.3 hereof and to any express resolution passed by the Board with respect to an Option, an Option and all rights to purchase Shares pursuant thereto shall expire and terminate immediately upon the Optionee who holds such Option ceasing to be an Eligible Person.

6.2 If, before the expiry of an Option in accordance with the terms thereof, an Optionee shall cease to be an Eligible Person (an “**Event of Termination**”) for any reason other than the termination for Cause of his or her employment with the Corporation or any Related Entity, or his or her failure to be re-elected as a director of the Corporation or any Related Entity, then the Optionee may:

- (a) exercise the Option to the extent that he or she was entitled to do so at the time of such Event of Termination, at any time up to and including, but not after, a date that is three (3) months (or such other period as may be determined by the Board in its sole discretion) following the date of such Event of Termination, or prior to the close of business on the expiration date of the Option, whichever is earlier; and
- (b) with the prior written consent of the Board or the Committee, which consent may be withheld in the Board’s sole discretion, exercise any Options which have not yet vested at any time up to and including, but not after, a date that is three (3) months (or such other period as may be determined by the Board in its sole discretion) following the date of such Event of Termination, or prior to the close of business on the expiration date of the Option, whichever is earlier, to purchase all or any of the Shares as the Board or the Committee may designate but not exceeding the number of Shares the Optionee would have otherwise been entitled to purchase pursuant to the Option had the Optionee’s status as an Eligible Person been maintained for the term of the Option.

6.3 Subject to Section 6.2, if an Optionee dies before the expiry of an Option in accordance with the terms thereof, the Optionee’s legal representative(s) may, subject to the terms of the Option and the Plan:

- (a) exercise the Option to the extent that the Optionee was entitled to do so at the date of his or her death at any time up to and including, but not after, a date one year following the

date of death of the Optionee, or prior to the close of business on the expiration date of the Option, whichever is earlier; and

- (b) with the prior written consent of the Board or the Committee, which consent may be withheld in the Board's sole discretion, exercise any Options which have not yet vested at any time up to and including, but not after, a date one year following the date of death of the Optionee, or prior to the close of business on the expiration date of the Option, whichever is earlier, to purchase all or any of the Shares as the Board or the Committee may designate but not exceeding the number of Shares the Optionee would have otherwise been entitled to purchase had the Optionee survived.

6.4 For certainty, Options shall not be affected by any change of employment of the Optionee or by the Optionee ceasing to be a director of the Corporation provided that the Optionee continues to be an Eligible Person.

6.5 For the purposes of this Article 6, a determination by the Corporation that an Optionee was discharged for Cause shall be binding on the Optionee; provided, however, that such determination shall not be conclusive of the Optionee's potential entitlement to damages for the loss of the right to exercise an Option in the event that a court of competent jurisdiction ultimately determines that the discharge was without Cause.

6.6 For the purposes of this Article 6 or Article 8, the date of Event of Termination or Termination Date in the case of termination of employment with the Corporation or any Related Entity shall be the last day upon which the employee provides services to the Corporation or Related Entity, as the case may be, and not the last day upon which the Corporation or Related Entity pays wages or salaries in lieu of notice of termination, statutory, contractual or otherwise.

6.7 If the Optionee is a Permitted Assign, the references to the Optionee in this Article 6 shall be deemed to refer to the Eligible Individual associated with the Permitted Assign.

7. **EXERCISE OF OPTIONS**

7.1 Subject to the provisions of the Plan, an Option may be exercised from time to time by delivery to the Corporation at its registered office of a written notice of exercise addressed to the Chief Financial Officer of the Corporation specifying the number of Shares with respect to which the Option is being exercised and, subject to Section 7.4 hereof, accompanied by payment in full, by cash or certified cheque, of the aggregate Option Price of the Shares then being purchased. Certificates (or direct registration statements) for such Shares shall be issued and delivered to the Optionee within a reasonable time following the receipt of such notice and payment.

7.2 Notwithstanding any of the provisions contained in the Plan or in any Option, the Corporation's obligation to issue Shares to an Optionee pursuant to the exercise of any Option shall be subject to:

- (a) completion of such registration or other qualification of such Shares or obtaining approval of such governmental or regulatory authority as the Corporation shall determine to be necessary or advisable in connection with the authorization, issuance or sale thereof;
- (b) the administration of such Shares to listing on any stock exchange on which the Shares may then be listed;

- (c) the receipt from the Optionee of such representations, warranties, agreements and undertakings, as the Corporation determines to be necessary or advisable in order to safeguard against the violation of the securities laws of any jurisdiction; and
- (d) the satisfaction of any conditions on exercise prescribed pursuant to Section 3.4 hereof.

In connection with this Section 7.2 the Corporation shall, to the extent necessary, take all commercially reasonable steps to obtain such approvals, registrations, and qualifications as may be necessary for the issuance of such Shares in compliance with applicable securities laws and for the listing of such Shares on the Exchange.

7.3 Options shall be evidenced by a share option agreement, instrument or certificate in such form not inconsistent with this Plan as the Board or Committee, as applicable, may from time to time determine as provided for under Subsection 3.2(g), provided that the substance of Article 5 be included therein.

7.4 Any Optionee may elect to effect a cashless exercise of any or all of such Optionee's right under an Option. In connection with any such cashless exercise, the Optionee shall be entitled to receive, without any cash payment (other than the taxes required to be paid in connection with the exercise which must be paid by the Optionee to the Corporation in cash at the time of exercise), such number of whole Shares (rounded down to the nearest whole number) obtained pursuant to the following formula:

$$x = \frac{[a(b - c)]}{b}$$

where

- x = the number of whole Shares to be issued
- a = the number of Shares under Option that are being exercised
- b = the Market Price of the Shares on the date of the cashless exercise
- c = the exercise price of the Option

In connection with any such cashless exercise, the full number of Shares issuable (item (a) in the formula) shall be considered to have been issued for the purposes of the reduction in the number of Shares which may be issued under the Plan.

7.5 In the event that the expiry of an Option occurs during a blackout period imposed by management or the Board in accordance with the Corporation's corporate disclosure and trading policy (as such policy may be amended from time to time), the expiry date of such Option shall be deemed to be amended to that date which is ten business days following the end of such blackout period (the "**Blackout Period Extension**").

7.6 If the Corporation is required under the *Income Tax Act* (Canada) or any other applicable law to remit to any governmental authority an amount on account of tax on the value of any taxable benefit associated with the exercise or disposition of Options by an Optionee, then the Optionee shall, concurrently with the exercise or disposition:

- (a) pay to the Corporation, in addition to the exercise price for the Options, if applicable, sufficient cash as is determined by the Corporation to be the amount necessary to fund the required tax remittance;

- (b) authorize the Corporation, on behalf of the Optionee, to sell in the market on such terms and at such time or times as the Corporation determines such portion of the Shares being issued upon exercise of the Options as is required to realize cash proceeds in the amount necessary to fund the required tax remittance; or
- (c) make other arrangements acceptable to the Corporation to fund the required tax remittance.

8. **CHANGE OF CONTROL**

8.1 In the event of a Change of Control, notwithstanding anything in the Plan to the contrary, if the employment of an Optionee is terminated by the Corporation or a Corporate Group entity without Cause or if the Optionee resigns in circumstances constituting constructive dismissal by the Corporation or the Corporate Group entity, respectively, in each case, within six months (or such other period as determined by the Board in its sole discretion) following a Change of Control with respect to the Corporation or the Corporate Group entity, respectively (such date being the "**Termination Date**"), all or any of the Optionee's Options will vest immediately prior to the Termination Date (or such later period as determined by the Board in its sole discretion), subject to any performance conditions which shall be dealt with at the discretion of the Board. All vested Options may be exercised until 90 days (or such other period as may be determined by the Board in its sole discretion) following the Termination Date (but until the normal expiry date of the Option rights of such Optionee, if earlier). Upon the expiration of such period, all unexercised Option rights of that Optionee shall immediately become terminated and shall lapse notwithstanding the original term of the Option granted to such Optionee under the Plan.

8.2 For the purposes of Section 8.1, the Termination Date, in the case of termination of employment with the Corporation, shall be the last day upon which the employee provides services to the Corporation at its premises and not the last day of any notice period or upon which the Corporation pays wages or salaries in lieu of notice of termination, statutory, contractual or otherwise.

9. **CERTAIN ADJUSTMENTS**

9.1 Subject to Article 10, the number of Shares subject to the Plan shall be increased or decreased proportionately in the event of the subdivision or consolidation or otherwise of Shares, and in any such event a corresponding adjustment shall be made changing the number of Shares deliverable upon the exercise of any Option theretofore granted without change in the total price applicable to the unexercised portion of the Option, but with a corresponding adjustment in the price for each Share. In case the Corporation is reorganized or merged or consolidated or amalgamated with another corporation, appropriate provisions shall be made for the continuance of the Options outstanding under the Plan and to prevent their dilution or enlargement.

9.2 No adjustment provided in this Article 9 shall require the Company to issue a fractional Share and the total adjustment with respect to each Option shall be limited accordingly.

10. **AMENDMENT OR DISCONTINUANCE OF THE PLAN**

10.1 Subject to applicable regulatory requirements, including the rules of the Exchange, and except as provided herein, the Board may, in its sole and absolute discretion and without shareholder approval, amend, suspend, terminate or discontinue the Plan and may amend the terms and conditions of Options granted pursuant to the Plan.

10.2 Without limiting the generality of the foregoing, the Board may make the following amendments to the Plan, without obtaining shareholder approval:

- (a) amendments to the terms and conditions of the Plan necessary to ensure that the Plan complies with the applicable regulatory requirements, including the rules of the Exchange, in place from time to time;
- (b) amendments to the provisions of the Plan respecting administration of the Plan and eligibility for participation under the Plan;
- (c) amendments to the provisions of the Plan and any individual Options respecting the terms and conditions on which Options may be granted pursuant to the Plan, including the provisions relating to the term of the Option and the vesting schedule; and
- (d) amendments to the Plan that are of a “housekeeping” nature.

10.3 Notwithstanding anything to the contrary herein, the Board may not, without the approval of the Corporation’s shareholders, make amendments with respect to the following:

- (a) an increase to the Plan maximum or the number of securities issuable under the Plan;
- (b) reduction in the Option Price of an Option benefitting an Insider;
- (c) extension to the term of Options (other than as a result of a Blackout Period Extension) benefitting an Insider;
- (d) any amendment which would permit Options granted under the Plan to be transferable or assignable other than as set forth in Section 5.7 hereof and for normal estate settlement purposes; and
- (e) amendments to the Plan amendment provisions.

10.4 Notwithstanding any vesting schedule determined in accordance with Section 5.4 hereto or any other provision of this Plan, in the event that the Corporation or its shareholders receive and accept an offer to acquire all of the Shares or substantially all of the assets of the Corporation, whether effected through an acquisition for cash or securities, and whether structured as a purchase, amalgamation, merger, arrangement, reorganization or other business combination (in each case, a “**Sale Transaction**”), the Board or the Committee may, in its sole discretion, deal with the Options issued under the Plan in the manner it deems fair and reasonable in light of the circumstances of the Sale Transaction provided all Optionees to whom Options have been granted under the Plan and remain outstanding are treated similarly. In this regard, in the event of a proposed Sale Transaction, the Board or the Committee may, in its sole discretion, by written notice (the “**Notice**”) to any Optionee, accelerate the vesting of some or all the Options such that such Options become immediately fully vested. In such circumstances, the Board or the Committee may by written notice compel the Optionee to exercise his or her Options within 30 days of the date of such written notice to exercise, failing which the Optionee’s right to purchase Shares under such Options lapses. In addition, and without limiting the generality of the foregoing, in connection with a Sale Transaction, the Board or the Committee may, without any action or consent required on the part of any such Optionee, (a) deem any or all Options (vested or unvested) under the Plan to have been exercised and the Shares to have been tendered to the Sale Transaction; (b) apply a portion of the Optionee’s proceeds from the closing of the Sale Transaction to the exercise price payable by that Optionee for the exercise of his or her Options;

(c) exchange Options, or any portion of them, for options to purchase shares in the capital of the acquiror or any corporation which results from an amalgamation, merger or similar transaction involving the Corporation made in connection with the Sale Transaction; or (d) take such other actions, and combinations of the foregoing actions, as it deems fair and reasonable under the circumstances.

10.5 If the proposed Sale Transaction is not completed within 180 days after the date of the Notice, any affected Optionee, within a period of 10 days following the 180-day period, may elect to cancel an exercise pursuant to the Notice. In respect of any Optionee who makes this election, the Corporation will return to the Optionee all rights under such Optionee's Options as if no exercise had been effected, subject to the appropriate adjustment of accounts to the position that would have existed had there been no exercise of Options.

10.6 Notwithstanding anything to the contrary herein, in the event that any formal bid (as defined in the *Securities Act* (Ontario)) for the Shares made (an "Offer"), all Shares subject to outstanding Options not then exercisable shall thereupon become immediately exercisable. Further, the Optionee shall be entitled to include in the written notice of election to exercise all or any part of the Option that such Optionee is electing to exercise the Option with the intention of tendering the Shares acquired upon such exercise into the Offer. If such election is made, in the event that the Offer is not completed and the relevant Shares are not taken up and paid for by the offeror under such Offer (or a competing Offer), the Optionee shall, upon return of certificates representing such Shares, be deemed not to have exercised the Option with respect to such Shares and the Corporation shall return to the Optionee the subscription proceeds therefor and/or take such other actions to enable the parties to re-establish as closely as possible their situations and respective economic positions as they existed prior to the making of the Offer and had no Options become exercisable as a result thereof, while making allowance for taxation, regulatory and other irreversible events and consequences which may have intervened since the making of the Offer.

11. **MISCELLANEOUS PROVISIONS**

11.1 An Optionee shall not have any rights as a shareholder of the Corporation with respect to any of the Shares covered by such Option until the date of issuance of Shares upon the exercise of such Option, in full or in part, and then only with respect to the issued Shares. Without in any way limiting the generality of the foregoing, no adjustment shall be made for dividends or other rights for which the record date is prior to the date the Options are exercised.

11.2 Nothing in the Plan or any Option shall confer upon an Optionee any right to continue or be re-elected as a director of the Corporation or any right to continue in the employ of the Corporation or any Related Entity, or affect in any way the right of the Corporation or any Related Entity to terminate his or her employment at any time; nor shall anything in the Plan or any Option be deemed or construed to constitute an agreement, or an expression of intent, on the part of the Corporation or any Related Entity to extend the employment of any Optionee beyond the time which he or she would be normally be retired pursuant to the provisions of any present or future retirement plan of the Corporation or any Related Entity or any present or future retirement policy of the Corporation or any Related Entity, or beyond the time at which he or she would otherwise be retired pursuant to the provisions of any contract of employment with the Corporation or any Related Entity.

11.3 The Plan and all matters to which reference is made herein shall be governed by and interpreted in accordance with the laws of the Province of Ontario and the laws of Canada applicable therein.

12. **SHAREHOLDER AND REGULATORY APPROVAL**

If applicable, the Plan shall be subject to ratification by the shareholders of the Corporation to be effected by a resolution passed at a meeting of the shareholders of the Corporation, and to acceptance by the Exchange and any other relevant regulatory authority. Any Options granted prior to such ratification and acceptance shall be conditional upon such ratification and acceptance being given and no such Options may be exercised unless and until such ratification and acceptance are given.

Schedule A

FORM OF OPTION AGREEMENT

Optionee:

Name

Address

Grant:

Maximum Number of Shares issuable upon exercise of the Option

Option Price: \$ _____ per Share

Date of Grant: _____, 20__

Expiry Date: _____, 20__

Vesting Schedule:

Instalment	Date of Vesting (Milestone)	Number of Shares Vested	Cumulative Number of Shares Vested
1			
2			
3			

This Option Agreement is made under and is subject in all respects to the third amended and restated option plan of Appili Therapeutics Inc. (as the same may be supplemented and amended from time to time) (the "**Plan**"), and the Plan is deemed to be incorporated in and to be part of this Option Agreement. The Optionee is deemed to have notice of and to be bound by all of the terms and provisions of the Plan (as supplemented and amended), as if the Plan were set forth in full herein (including the restrictions on transfer of the Options and Shares issuable upon exercise thereof). In the event of any inconsistency between the terms of this Option Agreement and the Plan, the terms of this Option Agreement shall prevail to the extent that it is not inconsistent with the requirements of the Exchange. The Plan contains certain provisions relating to termination and transfer. All capitalized terms not otherwise defined herein shall have the meaning ascribed thereto in the Plan.

This Option Agreement evidences that the Optionee named above is entitled, subject to and in accordance with the Plan, to purchase up to but not more than the maximum number of Shares set out above at the

Option Price set out above upon delivery of an exercise form as annexed hereto as Exhibit 1 duly completed and accompanied by certified cheque or bank draft for the aggregate Option Price.

This Option Agreement is not effective until countersigned on behalf of Appili Therapeutics Inc. and accepted by the Optionee.

Dated: _____, 20__

APPILI THERAPEUTICS INC.

By: _____

Name:

Title:

(Authorized Signatory)

Accepted: _____, 20__

Signature of Optionee

Schedule B

NOTICE OF TRANSFER

**TO: APPILI THERAPEUTICS INC.
#21-1344 Summer Street
Halifax, Nova Scotia B3H 0A8**

To transfer an Option, complete and return this form along with an original option agreement

The undersigned Optionee under the third amended and restated option plan of Appili Therapeutics Inc. (as the same may be supplemented and amended from time to time) (the "**Plan**") hereby irrevocably elects to transfer the Option evidenced by the attached Option Agreement to the following person(s), each of whom the Optionee hereby certifies is a permitted transferee in accordance with Section 5.7 of the Plan (each an "**Eligible Transferee**"):

Direction as to Registration:

Name of Registered Holder

Address of Registered Holder

The undersigned Optionee hereby directs such Option(s) to be registered in the names of such Eligible Transferee(s). Unless they are otherwise defined herein, any defined terms used herein shall have the meaning ascribed to such terms in the Plan.

Dated: _____, 20____

Witness to the Signature of:

Name of Optionee

)
)
)
)
)
)
)

SCHEDULE D

BOARD MANDATE

(please see attached)



APPILI THERAPEUTICS INC.

MANDATE OF THE BOARD OF DIRECTORS

Introduction

The term "Corporation" herein shall refer to Appili Therapeutics Inc. and the term "Board" shall refer to the board of directors of the Corporation. The Board is elected by the shareholders and is responsible for the stewardship of the business and affairs of the Corporation. The Board seeks to discharge such responsibility by reviewing, discussing and approving the Corporation's strategic planning and organizational structure and supervising management to ensure that the foregoing enhance and preserve the underlying value of the Corporation.

Although directors may be elected by the shareholders to bring special expertise or a point of view to Board deliberations, they are not chosen to represent a particular constituency. The best interests of the Corporation must be paramount at all times.

Chairman and Composition and Quorum

- The Board will be comprised of a minimum of one member and a maximum of ten members. Unless otherwise permitted under applicable securities laws and the policies of any applicable stock exchange on which the Class A common shares of the Company may trade from time to time, a majority of the Board members shall be, in the determination of the Board, "independent" for the purposes of National Instrument 58-101 – *Disclosure of Corporate Governance Practices*. Each Board member shall satisfy the independence and experience requirements, if any, imposed by applicable securities laws, rules or guidelines, any applicable stock exchange requirements or guidelines and any other applicable regulatory rules.
- The chairman of the Board will be elected by vote of a majority of the full Board membership, on the recommendation of the Nominating and Compensation Committee. The chairman of the Board with the assistance of the lead director (who shall be an independent director), if any, will chair Board meetings and shall be responsible for overseeing the performance by the Board of its duties, for setting the agenda of each Board meeting (in consultation with the Chief Executive Officer (the "CEO")), for communicating periodically with committee chairs regarding the activities of their respective committees, for assessing the effectiveness of the Board as a whole, as well as individual Board members, and for ensuring the Board works as a cohesive team and providing the leadership essential to achieve this.

Meetings

- Meetings will be scheduled to facilitate the Board carrying out its responsibilities. Additional meetings will be held as deemed necessary by the Chairman of the Board. The time at which and place where the meetings of the Board shall be held and the calling of the meetings and procedure in all things at such meetings shall be determined by the Board in accordance with the Corporation's articles, by-laws and applicable laws. The independent directors of the Board shall hold regularly scheduled meetings at which non-independent directors and management are not in attendance. Any director of the Corporation may request the Chairman of the Board to call a meeting of the Board.
- Meetings of the Board shall be validly constituted if a majority of the members of the Board are present in person or by tele- or video- conference. A resolution in writing signed by all the members of the Board entitled to vote on that resolution at a meeting of the Board is as valid as if it had been passed at a meeting of the Board duly called and held.

Board Charter and Performance

- The Board shall have a written charter that sets out its mandate and responsibilities and the Board shall review and assess the adequacy of such charter and the effectiveness of the Board at least annually or otherwise, as it deems appropriate, and make any necessary changes. Unless and until replaced or amended, this mandate constitutes that charter. The Board will ensure that this mandate or a summary that has been approved by the Board is disclosed in accordance with all applicable securities laws or regulatory requirements in the Corporation's annual management information circular or such other annual filing as may be permitted or required by applicable securities regulatory authorities.

Duties of Directors

- The Board discharges its responsibility for overseeing the management of the Corporation's business by delegating to the Corporation's senior officers the responsibility for day-to-day management of the Corporation. The Board discharges its responsibilities both directly and through its committees. In addition to the Board's primary roles of overseeing corporate performance and providing quality, depth and continuity of management to meet the Corporation's strategic objectives, principal duties include the following:

Selecting and Monitoring Senior Management

- Approving the appointment of the CEO and such other officers or management personnel as, in the Board's view, may be required to effectively manage the Corporation's affairs.
- Satisfying itself as to the integrity of the CEO and other executive officers in an effort to create a culture of integrity in the Corporation.

- Evaluating, on at least an annual basis, the performance of the CEO and, if necessary, other executive officers.
- Determining appropriate compensation for the CEO and other executive officers.
- Overseeing that succession planning programs are in place, including programs to appoint, train, develop and monitor management.

Strategic Planning

- Reviewing and approving, on an annual basis, the Corporation's strategic plan, which should take into account the goals and objectives for the growth and development of the Corporation set by the Board as well as the opportunities and risks of the Corporation's business.
- Providing input to management on emerging trends and issues and on strategic plans, objectives and goals that management develops.
- Reviewing and considering the Corporation's principal business risks and overseeing the systems that have been put in place to manage such risks.
- Overseeing the Corporation's internal control and management information systems.

Monitoring Performance and Approving Certain Transactions

- Adopting processes for monitoring the Corporation's progress toward its strategic and operational goals, and to revise and alter its direction to management in light of changing circumstances affecting the Corporation.
- Taking action when the Corporation's performance falls short of its goals or when other special circumstances warrant.
- Reviewing and approving material transactions outside the ordinary course of business and those matters which the Board is required to approve under the Corporation's governing statute, including the payment of dividends, issuance, purchase and redemptions of securities, acquisitions and dispositions of material capital assets and material capital expenditures

Monitoring of Financial Reporting

- Approving the audited financial statements, interim financial statements and the notes and Management's Discussion and Analysis accompanying such financial statements.

Developing Policies and Procedures

- Developing the Corporation's approach to corporate governance, including developing a set of corporate governance principles and guidelines for the Corporation and approving and monitoring compliance with all significant policies and procedures related to corporate governance.
- Approving policies and procedures designed to ensure that the Corporation operates at all times within applicable laws and regulations and to the highest ethical and moral standards and, in particular, adopting and monitoring a written code of business conduct and ethics which is applicable to directors, officers and employees of the Corporation and which constitutes written standards that are reasonably designed to promote integrity and to deter wrongdoing.
- Enforcing the confidential treatment of the Corporation's proprietary information and Board deliberations.

Approving Communications and Reporting

- Approving and revising from time to time as circumstances warrant disclosure control systems and procedures to address communications with shareholders, employees, financial analysts, the media and such other outside parties as may be appropriate.
- Overseeing the accurate reporting of the financial performance of the Corporation to shareholders, other security holders and regulators on a timely, regular and non-selective basis.
- Overseeing that the financial results are reported fairly and in accordance with international financial reporting standards and related legal disclosure requirements.
- Taking steps to enhance the timely, non-selective disclosure of any other developments that have a significant and material impact on the Corporation; reporting annually to shareholders on its stewardship for the preceding year.
- Overseeing the Corporation's implementation of systems which accommodate feedback from stakeholders.

Developing Position Descriptions

- Developing position descriptions for the Chair of the Board, the lead director, if applicable, the chair of each Board committee and, together with the CEO, the CEO.
- Developing and approving the corporate goals and objectives that the CEO is

responsible for meeting.

- Developing a description of the expectations and responsibilities of directors, including basic duties and responsibilities with respect to attendance at Board meetings and advance review of meeting materials.

Providing Orientation and Continuing Education

- Ensuring that all new directors receive a comprehensive orientation, that they fully understand the role of the Board and its committees, as well as the contribution individual directors are expected to make (including the commitment of time and resources that the Corporation expects from its directors) and that they understand the nature and operation of the Corporation's business.
- Providing continuing education opportunities for all directors, so that individuals may maintain or enhance their skills and abilities as directors, as well as to ensure that their knowledge and understanding of the Corporation's business remains current.

Nominating and Appointing Directors

- In connection with the nomination or appointment of individuals as directors:
 - Considering what competencies and skills the Board, as a whole, should possess;
 - Assessing what competencies and skills each existing director possesses; and
 - Considering the appropriate size of the Board, with a view to facilitating effective decision making.

Completing Board Evaluations

- Ensuring that the Board, its committees and each individual director are regularly assessed regarding his, her or its effectiveness and contribution. An assessment will consider, in the case of the Board or a Board committee, its mandate or charter and in the case of an individual director, any applicable position description, as well as the competencies and skills each individual director is expected to bring to the Board.

Committees of the Board

- The Board may delegate to Board committees matters it is responsible for, including, without limitation, the approval of compensation of the Board and management, director nomination and selection, the approval of the interim financial statements and related management's discussion and analysis, the conduct of performance evaluations and oversight of internal

controls systems, but the Board retains its oversight function and ultimate responsibility for these matters and all other delegated responsibilities (unless otherwise expressly provided or permitted by law).

Authority to engage outside advisors

- The Board has the authority to engage outside advisors as it determines necessary to carry out its duties, including, but not limited to identifying and reviewing candidates to serve as directors or officers.
- The Corporation shall provide appropriate funding, as determined by the Board, for payment (a) of compensation to any advisors engaged by the Board, and (b) of ordinary administrative expenses of the Board that are necessary or appropriate in carrying out its duties.

Approved by the Board on June 12, 2019