



APPILI THERAPEUTICS INC.

NOTICE OF ANNUAL AND SPECIAL MEETING OF SHAREHOLDERS

AND

MANAGEMENT INFORMATION CIRCULAR

August 12, 2022

**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 virtually via a live teleconference hosted through the facilities of Chorus Call (as more particularly described in the accompanying information circular dated August 12, 2022 (the “**Information Circular**”) on Thursday, September 22, 2022, at 11:00 a.m. (Eastern Time) for the following purposes:

- (a) receiving the financial statements of the Corporation for its fiscal year ended March 31, 2022 and the report of the auditor thereon (the “**2022 Financial Statements**”);
- (b) fixing the number of directors of the Corporation to be elected at the Meeting at six (6);
- (c) electing the directors for the ensuing year;
- (d) 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;
- (e) considering and, if deemed appropriate, passing an ordinary resolution approving amendments to the Corporation’s stock option plan to, *inter alia*, change the plan from a “fixed plan” to a rolling 10% plan as more particularly described in the Information Circular;
- (f) considering and, if deemed appropriate, passing an ordinary resolution approving the Corporation’s equity incentive plan, as more particularly described in the Information Circular; and
- (g) 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.

For the Meeting, the Corporation has elected to use the notice-and-access provisions under National Instrument 51-102 - *Continuous Disclosure Obligations* and National Instrument 54-101 - *Communication with Beneficial Owners of Securities of a Reporting Issuer* (collectively, the “**Notice-and-Access Provisions**”) to reduce its mailing costs and volume of paper with respect to the materials distributed for the purpose of the Meeting. The Notice-and-Access Provisions are a set of rules that permit the Corporation to post the Meeting materials, 2022 Financial Statements and accompanying management’s discussion and analysis (“**MD&A**”) online rather than making a traditional physical delivery of such materials. Shareholders will still receive a form of proxy or voting instruction form, as the case may be, and a financial statement request form. The Corporation will not use procedures known as “stratification” in relation to the use of the Notice-and-Access Provisions.

Shareholders are directed to read the Information Circular carefully and in full to evaluate the matters for consideration at the Meeting. Further disclosure on the matters set out above may be found in the Information Circular in the section entitled “Particulars of Matters to be Acted Upon”. The Information Circular, 2022 Financial Statements, MD&A and other relevant materials are available on the Corporation’s website at www.envisionreports.com/Appili2022, for a minimum of one (1) year, and under the Corporation’s profile on the System for Electronic Document Analysis and Retrieval at www.sedar.com.

How to Obtain Paper Copies of the Proxy Materials

Shareholders may request to receive paper copies of the current meeting materials by mail at no cost. Requests for paper copies may be made using your Control Number as it appears on your enclosed voting

instruction form or Instrument of Proxy. To ensure you receive the materials in advance of the voting deadline and meeting date, all requests must be received no later than September 1, 2022. If you do request the current materials, please note that another Voting Instruction Form/Proxy will not be sent; please retain your current one for voting purposes.

For Holders with a 15-digit Control Number:

Request materials by calling Toll Free, within North America 1-866-962-0498 or direct, from Outside of North America (514) 982-8716 and entering your control number as indicated on your voting instruction form or Instrument of Proxy.

To obtain paper copies of the materials after the meeting date, please contact 902-442-4655 ext 2.

For Holders with a 16-digit Control Number:

Request materials by calling Toll Free, within North America 1-877-907-7643 or direct, from Outside of North America (303) 562-9305 (English) and (303) 562-9306 (French) and entering your control number as indicated on your voting instruction form.

To obtain paper copies of the materials after the meeting date, please contact 902-442-4655 ext 2.

The record date for the determination of shareholders of the Corporation entitled to receive notice of and to vote at the Meeting or any adjournment(s) or postponement(s) thereof is August 12, 2022 (the "**Record Date**"). Shareholders of the Corporation whose names have been entered in the register of shareholders of the Corporation at the close of business on the Record Date will be entitled to receive notice of and to vote at the Meeting or any adjournment(s) or postponement(s) thereof.

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, 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 1-866-732-VOTE (8683); 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 instruction form (also known as a VIF), instead of an Instrument 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 12th day of August, 2022.

BY ORDER OF THE BOARD

(signed) Ian Mortimer

Ian Mortimer, Chair



APPILI THERAPEUTICS INC.

MANAGEMENT INFORMATION CIRCULAR

August 12, 2022

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 VIRTUALLY VIA A LIVE TELECONFERENCE HOSTED THROUGH THE FACILITIES OF CHORUS CALL ON THURSDAY SEPTEMBER 22, 2022, AT 11:00 A.M. EASTERN 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 August 12, 2022.

GENERAL PROXY INFORMATION

Solicitation of Proxies

Solicitation of proxies for the Meeting will be primarily by mail, the cost of which will be borne by the Corporation. Proxies may also be solicited personally by employees of the Corporation at nominal cost to the Corporation.

As permitted by Canadian securities regulators, the Corporation will use the notice-and-access procedures for the delivery of the meeting materials to Shareholders. These procedures allow issuers to post meeting materials online rather than mailing paper copies to Shareholders. Instead of receiving this Information Circular, Shareholders will receive a notice (the “**Notice-and-Access Letter**”) with instructions on how to access the Information Circular and the other proxy-related materials online. The Notice-and-Access Letter and form of proxy (the “**Proxy**”) or voting instruction form have been sent to both registered shareholders (“**Registered Shareholders**”) and non-registered Shareholders. This Information Circular and other relevant materials are available on the Corporation’s website at www.envisionreports.com/Appili2022 and on SEDAR at www.sedar.com.

In some instances, the Corporation has distributed copies of the Notice-and-Access-Letter to clearing agencies, securities dealers, banks and trust companies, or their nominees (collectively “**Intermediaries**”, and each an “**Intermediary**”) for onward distribution to Shareholders whose Common Shares are held by or in the custody of those Intermediaries (“**Non-registered Shareholders**”). The Intermediaries are required to forward the Notice-and-Access-Letter to Non-registered Shareholders.

Solicitation of proxies from Non-registered Shareholders will be carried out by Intermediaries, or by the Corporation if the names and addresses of Non-registered Shareholders are provided by the Intermediaries.

Voting at the Meeting

The Meeting will be hosted virtually by way of a teleconference. Shareholders will not be able to attend the Meeting in person.

In order to be permitted to ask questions and participate in telephone voting, each Registered Shareholder or duly appointed proxyholder must pre-register via the following link prior to proxy cut-off time at **11:00 a.m. (Toronto Time) on September 20, 2022**:

<https://services.choruscall.ca/DiamondPassRegistration/register?confirmationNumber=10020072&linkSecurityString=1845b6e4a0>

Registered Shareholders and duly appointed proxyholders who have properly pre-registered to participate in the Meeting will have the opportunity to speak during the Meeting, and provided they have not already submitted their votes, participate in telephone voting. All other shareholders and stakeholders can attend the Meeting via teleconference without pre-registering but will not be permitted to ask questions during the Meeting.

After pre-registration has been completed, pre-registered Registered Shareholders and duly appointed proxyholders will see on screen a unique PIN they have been assigned and dial-in phone numbers they will use to join the conference call. These details will also be sent to the pre-registered Registered Shareholders and duly appointed proxy holders by email in the form of a calendar booking. It is recommended to connect at least ten minutes prior to the scheduled start time of the Meeting.

Voting at the Meeting will only be available for Registered Shareholders and duly appointed proxyholders.

All other shareholders and stakeholders wishing to attend the Meeting can log onto the webcast: <http://services.choruscall.ca/links/appili2022agm.html>.

If they prefer to attend by teleconference, they may do so on a listen-only basis by dialing the following toll free, or international toll number approximately five minutes prior to the commencement of the Meeting and asking the operator to join the Annual and Special Meeting of the shareholders of Appili Therapeutics Inc.

Toll-free (Canada/U.S.): 1-800-319-4610, or
Toll (International): +1-604-638-5340.

Appointment of Proxyholders

The persons named in the enclosed Proxy (the “**Management Designees**”) are directors and/or officers of the Corporation. **SHAREHOLDERS HAVE THE RIGHT TO APPOINT A PERSON TO REPRESENT HIM, HER OR IT AT THE MEETING OTHER THAN THE PERSONS DESIGNATED IN THE PROXY INSTRUMENT** either by striking out the names of the persons designated in the Proxy and by inserting the name of the person or company to be appointed in the space provided in the Proxy or by completing another proper form of proxy.

Shareholders who wish to appoint a third party proxyholder (other than the Management Designees) to represent them at the Meeting **must submit their Proxy or voting instruction form (if applicable) prior to registering their proxyholder. Registering a proxyholder is an additional step once the Proxy or voting instruction form have been submitted. Failure to register the proxyholder will result in the proxyholder not being able to participate in the Meeting.** To register a proxyholder, Shareholders **MUST** visit www.computershare.com/Appili no later than **11:00 a.m. (Toronto time) on September 20, 2022** or, if the Meeting is adjourned or postponed, at least 48 hours (excluding Saturdays, Sundays and statutory holidays in the Province of Ontario) prior to the Meeting.

A Proxy can be submitted by a Registered Shareholder to Computershare either (a) in person, or by mail or courier, to Computershare Investor Services Inc., 8th Floor, 100 University Avenue, Toronto, Ontario M5J 2Y1, (b) using a touch-tone phone to transmit voting choices to 1-866-732-VOTE (8683) or via the internet at www.investorvote.com. The Proxy must be deposited with Computershare by no later than **11:00 a.m. (Toronto time) on September 20, 2022** or, if the Meeting is adjourned or postponed, at least 48 hours (excluding Saturdays, Sundays and statutory holidays in the Province of Ontario) before the beginning of any adjournment(s) or postponement(s) to the Meeting. 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.

If a Registered Shareholder who has submitted a Proxy attends the Meeting (as described herein) and has accepted the terms and conditions when entering the Meeting, any votes cast by such Registered Shareholder at the Meeting will be counted and the submitted Proxy will be disregarded.

Advice to Non-registered Shareholders

Non-registered Shareholders should note that Proxies can only be deposited by Shareholders who are Registered Shareholders.

Non-registered Shareholders who have received the Notice-and-Access Letter from their Intermediary should, other than as set out herein, follow the directions of their Intermediary with respect to the procedure to be followed for voting at the Meeting. Generally, Non-registered Shareholders will either:

- be provided with a form of proxy executed by the Intermediary but otherwise uncompleted. The Non-registered Shareholder may complete the proxy and return it directly to Computershare; or
- 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 Non-registered 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 Notice-and-Access Letter and voting instruction form 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.

The Corporation will not pay for an Intermediary to deliver the Notice-and-Access Letter and voting instruction forms to objecting beneficial owners (“**OBOs**”). OBOs have objected to their Intermediary disclosing ownership information about themselves to the Corporation. Accordingly, OBOs will not receive the Meeting materials unless their Intermediary assumes the costs of delivery.

If Non-registered Shareholders have any questions respecting the voting of Common Shares held through an Intermediary, such Shareholders are encouraged to contact that Intermediary for assistance.

Revocation of Proxy

A Registered Shareholder who has 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 to the attention of the Corporate Secretary of the Corporation c/o Computershare Investor Services Inc., 8th Floor, 100 University Avenue, Toronto, Ontario, M5J 2Y1;
- (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;
- (c) by attending the Meeting (as described herein) and voting the Common Shares; or
- (d) in any other manner permitted by law.

Non-registered Shareholders who wish to change their vote must contact their Intermediary to discuss their options well in advance of the Meeting.

If as a Registered Shareholder you are using your control number to log into the Meeting and you accept the terms and conditions, you will be provided the opportunity to vote by telephone at the Meeting. If you have already voted by proxy and you vote again by telephone during the live portion of the Meeting, your live vote during the Meeting will revoke your previously submitted proxy. If you have already voted by proxy and do not wish to revoke your previously submitted proxy, do not vote again during the live vote portion of the Meeting.

Voting of Proxies and Discretion Thereof

Common Shares represented by properly executed proxies in favour of persons designated in the printed portion of the enclosed Proxy **WILL, UNLESS OTHERWISE INDICATED, BE VOTED FOR FIXING THE NUMBER OF DIRECTORS TO BE ELECTED AT THE MEETING AT SIX (6), THE ELECTION OF THE DIRECTORS SET OUT IN THIS INFORMATION CIRCULAR, FOR THE RE-APPOINTMENT OF PRICEWATERHOUSECOOPERS LLP AS THE AUDITORS OF THE CORPORATION AND FOR THE AUTHORIZATION OF THE BOARD TO FIX THE AUDITORS' REMUNERATION AND TERMS OF ENGAGEMENT, FOR THE OPTION PLAN RESOLUTION AND FOR THE INCENTIVE PLAN RESOLUTION.** The Common Shares represented by the Proxy will be voted for, voted against or withheld from voting 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. The enclosed Proxy confers discretionary authority on the persons named therein with respect to amendments or variations to matters identified in the Notice or other matters which may properly come before the Meeting. At the date of this Information Circular, management knows of no such amendments, variations or other matters to come before the Meeting. However, if other matters properly come before the Meeting, it is the intention of the persons named in the enclosed Proxy to vote such proxy according to their best judgment.

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 the related fixing of the number of directors).

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 121,266,120 Common Shares issued and outstanding. Each Common Share carries the right to one (1) 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 August 12, 2022 (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 as of the Record Date:

Name	Number of Common Shares Beneficially Owned or Controlled or Directed	Percentage of Outstanding Common Shares
Bloom Burton & Co. Inc. (“ Bloom Burton ”)	14,358,611 ⁽¹⁾	11.84%

Note:

(1) Bloom Burton holds, in the aggregate, 14,358,611 Common Shares as follows: (a) 454,120 Common Shares directly; (b) 13,896,000 Common Shares indirectly through Bloom Burton Development Corporation, its wholly-owned subsidiary; and (c) 8,491 Common shares indirectly through Bloom Burton Securities Inc. (“**BBSI**”). 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, 2022 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) Fixing the Number of Directors

Shareholders will be asked to consider, and if thought appropriate, approve an ordinary resolution fixing the number of directors to be elected at the Meeting at six (6) directors. In order to be effective, an ordinary resolution requires approval by a majority of the votes cast by Shareholders who vote in respect of the resolution.

Unless you have specified in the enclosed Instrument of Proxy that the votes attaching to the Common Shares represented by the Instrument of Proxy are to be voted against such resolution, the management representatives designated in the enclosed Instrument of Proxy intend to vote the Common Shares in respect of which they are appointed proxy FOR the resolution fixing the number of directors to be elected at the Meeting at seven directors.

3) Election of Directors

Background

The Corporation has nominated six (6) 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 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 thirty (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 fifty (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 fifty (50) days before the date of the meeting, notice to the CEO of the Corporation must be made not less than forty (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 or directed to vote against a particular nominee, the persons named in the accompanying Instrument of Proxy intend to vote IN FAVOUR of the election of each of the six (6) nominees whose names are set forth hereafter. Management does not contemplate that any of the nominees named below will be unable to serve as a director but, if that should occur for any reason prior to the Meeting, the persons named in the form of proxy reserve the right to vote for another nominee in their discretion.

Shareholders can vote for, against or withhold from voting on the election of each director on an individual basis. The Board has adopted a policy which requires voting with respect to the election of directors at any meeting of Shareholders to be by individual nominee as opposed to by slate of directors, that is, Shareholders will be asked to vote in favour of, against or withhold from voting, separately for each nominee. See “*Statement of Corporate Governance - Majority Voting Policy*” below for information about the Majority Voting Policy.

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 CEO 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	14,358,611 ⁽⁴⁾
Theresa Matkovits ⁽²⁾⁽³⁾ (New Jersey, USA)	Director	Chief Development Officer of Matinas BioPharma Holdings, Inc. COO of ContraVir	October 2018	-
Juergen Froehlich ⁽²⁾ (Massachusetts, USA)	Director	Chief Medical Officer of Spexis AG	January 2020	-
Rochelle Stenzler ⁽³⁾ (Ontario, Canada)	Director	Principal, Rochelle Stenzler Consulting	February 2021	-

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, 14,358,611 Common Shares. See “*Voting Securities and Principal Holders of Voting Securities*”.

Biographies

Ian Mortimer, Chair

Ian Mortimer has over 20 years of experience in the biotechnology sector. He is currently President and CEO of Xenon Pharmaceuticals Inc. (NASDAQ: XENE) (“**Xenon**”), a company developing innovative therapeutics to improve the lives of patients with neurological disorders. Prior to joining Xenon in 2013 as Chief Financial Officer, Mr. Mortimer spent six years at Tekmira Pharmaceuticals Corporation, now Arbutus Biopharma Corporation (NASDAQ: ABUS), as Executive Vice President and Chief Financial Officer. He led both Xenon’s and Tekmira’s listings on the NASDAQ, in 2014 and 2010 respectively. From 2004 to 2007, Mr. Mortimer was Chief Financial Officer of Inex Pharmaceuticals Corporation. Mr. Mortimer has an M.B.A. from Queen’s University, a B.Sc. in Microbiology from the University of British Columbia, and is a Chartered Professional Accountant, Certified Management Accountant.

Armand Balboni, CEO and Director

Armand Balboni is the Corporation's CEO and Director. His career includes medical research and drug development experience in civilian, academic and military organizations, most recently as a partner at Bloom Burton & Co. where he was the firm's senior advisor for regulatory and medical affairs. As an active-duty military officer, Dr. Balboni served as a staff officer at the U.S. Army Research Institute of Infectious Diseases. He completed a military staff fellowship at the U.S. Food and Drug Administration and went on to serve as the deputy director of clinical and regulatory affairs for the U.S. Army. Armand completed his doctoral work in the MD/PhD program at the Icahn School of Medicine at Mount Sinai and earned his law degree at Brooklyn Law School.

Brian Bloom, Director

Brian Bloom is a co-founder of Bloom Burton & Co. and serves as the firm's Chairman and CEO. Mr. Bloom serves on the Board of Triumvira Immunologics, Satellos Bioscience and Qing Bile Therapeutics. He is also on the Faculty of Science Dean's Advisory Board at McMaster University. Mr. Bloom was formerly the Chairman of the Board of Grey Wolf Animal Health, a member of the Life Sciences Advisory Board at the National Research Council of Canada and on the Boards of BIOTECanada and the Baycrest Foundation. Before co-founding Bloom Burton in 2008, Mr. Bloom spent six years at Dundee Securities in the healthcare and biotechnology institutional sales and equity research groups. He started his career at New York-based investment banking firms SCO Financial Group and Molecular Securities. Mr. Bloom received an Honors Bachelor of Science in Biochemistry from McMaster University and subsequently studied at the Mount Sinai Graduate School for Biological Sciences of New York University, with a focus in molecular endocrinology and biophysics. He is the proud recipient of the McMaster University 2017 Distinguished Alumni Award in Science.

Theresa Matkovits, Director

Dr. Theresa Matkovits has more than 20 years of experience as a leader in global drug development and commercialization, with extensive expertise in infectious disease. She currently serves as the Chief Development Officer at Matinas Biopharma where she serves as an Executive Leadership Team member, joining the company in October 2018. Dr. Matkovits is responsible for leading the global development efforts of the company's development pipeline products, including their Infectious Disease products. Prior to this role, she was the Chief Operating Officer at ContraVir (NASDAQ: CTRV) now Hepion, where she led global development of the company's clinical-stage antiviral portfolio. She also served as ContraVir's Executive Vice President, Head of Drug Development, where she was responsible for leading all global drug development functional areas for the company's infectious disease programs. Dr. Matkovits' career also includes steering the clinical development and approval efforts for Natpara® at NPS Pharmaceuticals; serving as a Vice President and Innovation Leader at The Medicines Company (NASDAQ: MDCO), where she managed global development and commercialization efforts for the Company's infectious disease franchise; and several leadership positions at Novartis in its U.S. Medical and Drug Regulatory Affairs and Global Development Divisions. Dr. Matkovits is a member of the Board of Directors for GoodCap Pharmaceuticals, BioSurplus, and previous director of Aradigm Corporation (NASDAQ: ARDM) ("Aradigm"). Dr. Matkovits earned her PhD in Biochemistry and Molecular Biology from the University of Medicine and Dentistry of New Jersey – New Jersey Medical School.

Juergen Froehlich, Director

Dr. Juergen Froehlich's career spans multiple decades and covers a broad range of drug development successes. It includes strategic planning and execution of all phases of drug development and regulatory interactions across therapeutic areas such as cystic fibrosis, bronchiectasis, and hepatitis C. He has worked with biologics, peptides, small molecules and RNA therapeutics at companies including Boehringer Ingelheim, Genentech, Quintiles, Bristol-Myers-Squibb, Ipsen, Vertex, and Aradigm. Dr. Froehlich was instrumental in obtaining successful marketing authorizations worldwide, including in the U.S., Canada, and the E.U. As Chief Medical Officer and Head of Regulatory Affairs of Aradigm Corporation, he initiated, oversaw, and completed a Phase 3 trial program with a liposomal formulation of ciprofloxacin for inhalation

in patients with non-cystic fibrosis bronchiectasis (NCFBE) and chronic *Pseudomonas aeruginosa* lung infections, which resulted in a New Drug Application (NDA) and Marketing Authorization Application (MAA) submission. He was an invited panel member at a U.S. Food and Drug Administration (FDA) workshop in 2018 for inhaled antibiotics in cystic fibrosis and NCFBE.

Rochelle Stenzler, Director

Rochelle Stenzler has more than 35 years of experience as a board director and senior operating executive in healthcare and other industries. A pharmacist by education and training, Ms. Stenzler has served as Board Chair of Spartan Bioscience Inc. ("**Spartan**") from August 2020 to September 2021 and as Board Chair of GoodCap Pharmaceuticals since February 2021. Prior to these roles, she served as Board Chair of Cynapsus Therapeutics, until it was acquired for C\$841M by Sunovion Pharmaceuticals in 2016. She has previously served as a Board Director & Vice Chair of Humber River Hospital; President & CEO of TouchLogic Corporation; President, International Operations of TLC Laser Eye Centers; President, Revlon Canada; and President and General Manager of Pharma Plus Drugmarts Ltd. Ms. Stenzler also has extensive corporate governance experience, which includes serving as a member of the Spartan Bioscience Finance, Audit and Risk Committee, as well as a member of the Spartan Corporate Governance & Compensation Committee; Chair of GoodCap Pharmaceuticals Nominating, Governance and Compensation Committees; Vice-Chair and Chair of the Nominating, Governance, and Human Resources Committee of the Humber River Hospital in Toronto; and as an Advisory Board member to Social Capital Partners. Ms. Stenzler is a graduate of the University of Toronto with a BSc.Pharm. and a Gold Medal in Compounding and Dispensing, and the Rotman School of Management, Institute of Corporate Directors, with an ICD.D.

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.

Mrs. Stenzler was a director and Chair of the Board of Spartan until September 9, 2021. In April 2021, Spartan filed a Notice of Intention to File a Proposal (the “**NOI Filing**”) under the *Bankruptcy and Insolvency Act* (the “**BIA**”) with the Office of the Superintendent in Bankruptcy. The NOI Filing was made with the intention of allowing Spartan to pursue all avenues of sale and/or refinancing of its business and property, in whole or in part. In late June 2021, the proceeding was converted from the BIA to the *Companies Creditors Arrangement Act* (“**CCAA**”).

After the NOI Filing and during the course of the CCAA proceedings, Spartan embarked on a court supervised Sales and Investment Solicitation Process (the “**SISP**”). The SISP resulted in a sale of Spartan’s assets pursuant to an asset purchase agreement with 2856031 Ontario Inc. (currently Genomadix Inc.) (the “**Transaction**”) which was court approved in September 2021.

In September 2021, the court also granted an order which provided enhanced powers to Spartan’s monitor, including the power to bankrupt Spartan. The Transaction closed in September 2021, at which time all the directors resigned as directors of Spartan and the monitor’s enhanced powers became effective. Once the Transaction was complete the Monitor assigned Spartan into bankruptcy in early December, 2021.

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.

4) 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.

5) Approval of Amendment to the Stock Option Plan

At the Meeting, Shareholders will be asked to consider and, if deemed appropriate, approve an ordinary resolution (the “**Option Plan Resolution**”), as set forth below, to approve an amendment to the Stock Option Plan (as defined herein) to: (a) change the Stock Option Plan from a “fixed plan”, pursuant to which the aggregate number of Common Shares reserved and available to be issued was a fixed number equal to 10,000,000 Common Shares, to an rolling 10% plan; and (b) add certain insider participation limits.

Background

The existing stock option plan of the Corporation (the “**Stock Option Plan**”) was adopted by the Board on September 16, 2020 and was approved by the Shareholders at the annual and special meeting of Shareholders which took place on August 12, 2020.

On August 12, 2022, upon recommendation of the Nominating and Compensation Committee, the Board approved, subject to the approval of the Toronto Stock Exchange and the Shareholders at the Meeting, an amended and restated Stock Option Plan to amend the Stock Option Plan from a fixed number of Common Shares to an evergreen “rolling 10% plan” and add certain insider participation limits (the “**Amended Stock Option Plan**”). As further set out under “*Summary of Stock Option Plan*” the 10% rolling plan allows the

Corporation to grant such number of options to purchase Common Shares as is equal to 10% of the issued and outstanding Common Shares as of the date of grant.

The Board is of the view that the amendments to the Stock Option Plan are in the best interests of the Corporation as they provide the Corporation with increased flexibility to continue to retain and motivate key personnel, while providing room for future growth and maintaining good governance practices.

Pursuant to Section 613(i) of the TSX Manual “Security Based Compensation”, any amendments to an existing security based compensation plan that increases the number of Common Shares that may be issued thereunder requires security holder approval. Accordingly, at the Meeting, Shareholders will be asked to consider, and if deemed appropriate, approve with or without variation, the Option Plan Resolution confirming and approving the Amended Stock Option Plan.

The text of the Option Plan Resolution is as follows:

“BE IT RESOLVED THAT:

- (a) the amended and restated Stock Option Plan (the **“Amended Stock Option Plan”**) of Appili Therapeutics Inc. (the **“Corporation”**), attached as Schedule “B” to the Corporation’s information circular dated August 12, 2022 (the **“Information Circular”**) is hereby approved subject to the approval of the Toronto Stock Exchange (**“TSX”**);
- (b) the Corporation shall have the ability to continue granting options to purchase Class A common shares of the Corporation (**“Options”**) under the Amended Stock Option Plan until September 22, 2025, which is three (3) years from the date of the Meeting (as defined in the Information Circular) or any adjournment(s) or postponement(s) thereof at which shareholder approval is being sought;
- (c) the unallocated Options, rights or other entitlements with respect to treasury issuances under the Amended Stock Option Plan are hereby approved;
- (d) the board of directors of the Corporation (the **“Board”**) is hereby authorized to make such amendments to the Amended Stock Option Plan from time to time, as may be required by the applicable regulatory authorities, or as may be considered appropriate by the Board, in its sole discretion, provided always that such amendments be subject to the approval of the regulatory authorities, if applicable, and in certain cases, in accordance with the terms of the Amended Stock Option Plan, the approval of the shareholders; and
- (e) any one director or officer of the Corporation is hereby authorized and directed, for and on behalf of the Corporation, to finalize, sign and deliver all documents, to enter into any agreements and to do and perform all acts and things as such individual, in his or her discretion, deems necessary or advisable in order to give effect to the intent of this resolution and the matters authorized hereby, including compliance with all securities laws and regulations and the rules and requirements of the TSX, such determination to be conclusively evidenced by the finalizing, signing or delivery of such document or agreement or the performing of such act or thing.”

The Management Designees intend to vote FOR the Option Plan Resolution, unless otherwise instructed on a properly executed and validly deposited proxy. The Option Plan Resolution must be approved by the affirmative vote of at least a majority of the votes cast thereon at the Meeting, or any adjournment(s) or postponement(s) thereof. If, at the Meeting, the Shareholders do not approve the Option Plan Resolution, the Stock Option Plan will continue to remain in place unamended as a fixed limit plan.

6) Approval of the Incentive Plan

The Corporation wishes to obtain approval of the Corporation’s equity incentive plan (the **“Incentive Plan”**) by the Shareholders at the Meeting, which was adopted upon recommendation of the Nominating and

Compensation Committee, by the Board on August 12, 2022. The Incentive Plan provides that the maximum aggregate number of Common Shares available for issuance shall not exceed five percent (5%) of the issued and outstanding Common Shares, provided that in no event will the maximum aggregate number of Common Shares reserved for issuance under the Incentive Plan and the Stock Option Plan exceed 10% of the issued and outstanding Common Shares.

The Board is of the view that the adoption of the Incentive Plan is in the best interests of the Corporation as it provides the Corporation with increased flexibility to continue to retain and motivate key personnel, while providing room for future growth and maintaining good governance practices.

A summary of the Incentive Plan is set out in “*Summary of Incentive Plan*”. The information related to the Incentive Plan in this Information Circular is intended as a summary only and is qualified in its entirety by reference to the Incentive Plan attached hereto as Schedule “C”.

At the Meeting, Shareholders will be asked to consider, and, if deemed appropriate, approve, with or without variation, a resolution (the “**Incentive Plan Resolution**”) approving the Incentive Plan. The Incentive Plan Resolution must be approved by a majority of the votes cast thereon by Shareholders represented in person or by proxy at the Meeting.

The text of the Incentive Plan Resolution is as follows:

“BE IT RESOLVED THAT:

- (a) the equity incentive plan (the “**Incentive Plan**”) of Appili Therapeutics Inc. (the “**Corporation**”), attached as Schedule “C” to the Corporation’s information circular dated August 12, 2022 (the “**Information Circular**”) is hereby approved subject to the approval of the Toronto Stock Exchange (“**TSX**”);
- (b) the Corporation shall have the ability to continue granting security based awards (the “**Awards**”) under the Incentive Plan until September 22, 2025, which is three (3) years from the date of the Meeting (as defined in the Information Circular) or any adjournment(s) or postponement(s) thereof at which shareholder approval is being sought;
- (c) the unallocated Awards, rights or other entitlements with respect to treasury issuances under the Incentive Plan are hereby approved;
- (d) the board of directors of the Corporation (the “**Board**”) is hereby authorized to make such amendments to the Incentive Plan from time to time, as may be required by the applicable regulatory authorities, or as may be considered appropriate by the Board, in its sole discretion, provided always that such amendments be subject to the approval of the regulatory authorities, if applicable, and in certain cases, in accordance with the terms of the Incentive Plan, the approval of the shareholders; and
- (e) any one director or officer of the Corporation is hereby authorized and directed, for and on behalf of the Corporation, to finalize, sign and deliver all documents, to enter into any agreements and to do and perform all acts and things as such individual, in his or her discretion, deems necessary or advisable in order to give effect to the intent of this resolution and the matters authorized hereby, including compliance with all securities laws and regulations and the rules and requirements of the TSX, such determination to be conclusively evidenced by the finalizing, signing or delivery of such document or agreement or the performing of such act or thing.”

The Management Designees intend to vote FOR the Incentive Plan Resolution, unless otherwise instructed on a properly executed and validly deposited proxy. The Incentive Plan Resolution must be approved by the affirmative vote of at least a majority of the votes cast thereon at the Meeting, or any adjournment(s) or postponement(s) thereof.

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 set the compensation for independent directors in respect of the fiscal year ended March 31, 2022, as further set out below:

Position	Compensation
Chair of the Board	CAD \$33,000/year ⁽¹⁾
All Directors	CAD \$52,000/year
Chair of Audit Committee	CAD \$17,000/year, ⁽¹⁾
Chair of Nominating and Compensation Committee	CAD \$12,000/year ⁽¹⁾
All other Members of the Audit Committee	CAD \$7,000/year ⁽¹⁾
All other Members of the Nominating and Compensation Committee	CAD \$5,000/year ⁽¹⁾
Independent Directors	385,000 Options

Note:

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

Except as disclosed herein, directors who are officers, employees, or consultants of the Corporation did not receive any compensation under the terms of the Corporation's compensation plan for acting as directors during the fiscal year ended March 31, 2022. During the fiscal year ended March 31, 2022, Dr. Froelich provided certain consulting services to the Corporation in exchange for aggregate consulting fees of US\$59,750 (CAD\$73,715).

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 considering current governance trends.

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 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, 2022.

Name	Fees Earned (\$)	Share-Based Awards (\$)	Option-Based Awards ⁽¹⁾⁽²⁾ (\$)	Non-Equity Incentive Plan Compensation (\$)	Pension Value (\$)	All Other Compensation (\$)	Total (\$)
Ian Mortimer	107,000	0	188,743	0	0	0	295,743
Brian Bloom	0	0	0	0	0	0	0
Theresa Matkovits	71,000	0	188,743	0	0	0	259,743
Juergen Froehlich	57,000	0	188,743	0	0	73,715 ⁽³⁾	245,743

Name	Fees Earned (\$)	Share-Based Awards (\$)	Option-Based Awards ⁽¹⁾⁽²⁾ (\$)	Non-Equity Incentive Plan Compensation (\$)	Pension Value (\$)	All Other Compensation (\$)	Total (\$)
Rochelle Stenzler	59,000	0	188,743	0	0	0	247,743
Josef Vejvoda ⁽⁴⁾	11,047	0	91,000	0	0	0	102,047

Notes

(1) Options vest (or have vested) either (i) with respect to an aggregate of 980,000 Options granted on December 8, 2021, on the date of the grants, (ii) with respect to an aggregate of 560,000 Options granted on May 7, 2021, in three equal annual instalments commencing on April 1, 2022, and (iii) with respect to 140,000 Options granted on October 15, 2021, in three equal annual instalments on the anniversary of the 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:

	\$1.22 exercise price grant	\$0.74 exercise price grant	\$0.13 exercise price grant
Risk free rate:	1.43%	1.43%	1.53%
Dividend yield:	0%	0%	0%
Volatility:	122%	122%	122%
Expected lifetime:	7.34 years	7.34 years	7.34 years
Fair value per Option:	\$1.14	\$0.65	\$0.12

(3) Represents consulting fees for services provided in relation to research and development activities. Calculated using an effective average exchange rate of US\$1 = CAD\$1.2337 for year ended March 31, 2022.

(4) Mr. Vejvoda was appointed to the Board on September 7, 2021 and resigned from the Board on November 19, 2021.

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 for whom information is shown on the comparable table for Named Executive Officers set out below) as at March 31, 2022.

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	77,200	0.88	20-Feb-28	-	-	-	-
	96,500	0.88	01-Apr-28	-	-	-	-
	140,000	0.55	02-Dec-29	-	-	-	-
	140,000	1.09	16-Sep-30	-	-	-	-

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
	(#)	(\$)		(\$)	(#)	(\$)	(\$)
	140,000	1.22	07-May-31	-			
	245,000	0.13	08-Dec-31	-			
Brian Bloom	-	-	-	-	-	-	-
Theresa Matkovits	173,700	1.1	26-Mar-29	-			
	140,000	0.55	02-Dec-29	-	-	-	-
	140,000	1.09	16-Sep-30	-			
	140,000	1.22	07-May-31	-			
	245,000	0.13	08-Dec-31	-			
Juergen Froehlich	140,000	0.82	24-Jan-30				
	140,000	1.09	16-Sep-30	-	-	-	-
	140,000	1.22	07-May-31				
	245,000	0.13	08-Dec-31				
Rochelle Stenzler	140,000	1.00	31-Jan-31				
	140,000	1.22	07-May-31	-	-	-	-
	245,000	0.13	08-Dec-31				
Josef Vejvoda ⁽¹⁾	Nil	Nil	Nil	-	-	-	-

Note:

(1) Mr. Vejvoda was appointed to the Board on September 7, 2021 and resigned from the Board on November 19, 2021.

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 for whom the information is shown on the comparable table for Named Executive Officers set out below) for the financial year ended March 31, 2022.

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	Nil	-	-
Theresa Matkovits	Nil	-	-
Juergen Froehlich	Nil	-	-
Rochelle Stenzler	Nil	-	-
Josef Vejvoda ⁽¹⁾	Nil	-	-

Note:

(1) Mr. Vejvoda was appointed to the Board on September 7, 2021 and resigned from the Board on November 19, 2021.

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), Kenneth Howling (acting CFO), Kimberly Stephens (former CFO), Yoav Golan (Chief Medical Officer (“**CMO**”)), Don Cilla (Chief Development Officer (“**CDO**”)), and Stephane Paquette (former Senior Director, Corporate Development), are each a NEO of the Corporation for purposes of this disclosure.

Compensation Objectives

Appili’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 area of expertise 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; and
- (c) to incent extraordinary performance from Appili's 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 TSX Venture Exchange ("**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
Kenneth Howling, Acting CFO	US\$102,199 ⁽¹⁾
Kimberly Stephens, former CFO	\$143,792 ⁽²⁾
Yoav Golan, CMO	US\$340,200
Don Cilla, CDO	US\$320,000
Stephane Paquette, former Senior Director, Corporate Development	\$250,000 ⁽³⁾

Notes:

- (1) Kenneth Howling is not an employee of the business. His compensation is based on payments during the period according to his contract.
- (2) Ms. Stephens ceased being an officer of the Corporation on November 15, 2021.
- (3) Mr. Paquette ceased providing services to the Corporation on July 17, 2022.

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 as follows:

<u>NEO</u>	<u>Bonus Payable</u>
Armand Balboni, CEO	40%
Kenneth Howling, Acting CFO	nil
Kimberly Stephens, former CFO	30% ⁽¹⁾
Yoav Golan, CMO	30%
Don Cilla, CDO	30%
Stephane Paquette, former Senior Director, Corporate Development	25% ⁽²⁾

Notes:

- (1) Ms. Stephens ceased being an officer of the Corporation on November 15, 2021.
(2) Mr. Paquette ceased providing services to the Corporation on July 17, 2022.

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.

Assuming the Incentive Plan Resolution is approved at the Meeting, the Corporation may also use Awards (as defined herein) under the Incentive Plan to assist in attracting, retaining and motivating executives.

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:

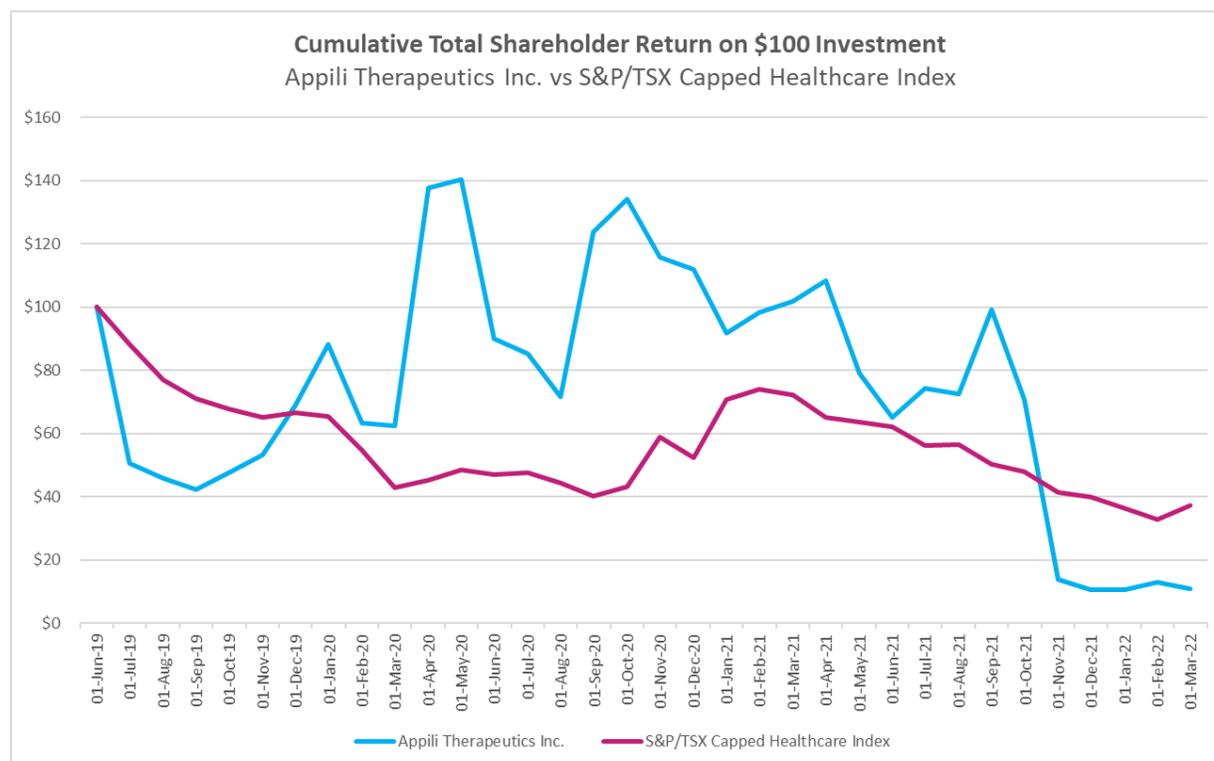
- (a) Theresa Matkovits – Dr. Matkovits is currently the Chief Development Officer of Matinas Biopharma Holdings, Inc., an emerging clinical-stage biopharmaceutical company and shares responsibility for ensuring compensation levels are competitive and in line with the company's business strategy.
- (b) Ian Mortimer – Mr. Mortimer is the President and Chief Executive Officer of Xenon, 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 has senior executive experience with multiple companies which included responsibility for 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. The Corporation commenced trading on the TSX on September 16, 2020.



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 three (3) 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.

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	2022	489,105	-	611,083	-	-	-	-	1,100,189
	2021	364,992	-	196,830	-	-	-	-	561,752
	2020	190,990	-	423,631	161,940	-	-	-	776,561
Kenneth Howling ⁽⁵⁾ Acting CFO	2022	129,952	-	63,000	-	-	-	-	178,075
	2021	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
	2020	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Kimberly Stephens ⁽⁶⁾ Former CFO	2022	243,317	-	341,450	-	-	-	-	584,767
	2021	203,000	-	98,415	-	-	-	-	301,415
	2020	195,000	-	84,726	70,000	-	-	-	349,726
Yoav Golan ⁽⁷⁾ CMO	2022	480,564	-	251,633	-	-	-	-	706,628
	2021	324,355	-	196,830	-	-	-	-	521,185
	2020	48,753	-	-	-	-	-	-	48,753
Don Cilla ⁽⁸⁾ CDO	2022	477,466	-	269,633	-	-	-	-	772,669
	2021	169,973	-	218,754	-	-	-	-	388,727
Stephane Paquette ⁽⁹⁾ former Senior Director, Corporate Development	2022	176,667	-	127,363	-	-	-	-	304,029
	2021	135,000	-	63,970	-	-	-	-	198,970
	2020	117,500	-	42,363	-	-	-	-	159,863

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:

	<u>\$1.22 exercise price grant</u>	<u>\$0.23 exercise price grant</u>	<u>\$0.13 exercise price grant</u>
Risk free rate:	1.43%	1.70%	1.53%
Dividend yield:	0%	0%	0%
Volatility:	122%	122%	122%
Expected lifetime:	7.34 years	7.34 years	7.34 years
Fair value per Option:	\$1.14	\$0.23	\$0.12

(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 CDO. 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 1.27 in 2022, 1.31 in 2021, and 1.36 in 2020.

(5) Mr. Howling was appointed as Acting Chief Financial Officer of the Corporation on November 15, 2021.

- (6) Ms. Stephens ceased being an officer of the Corporation on November 15, 2021. Ms. Stephens provided consulting services to the Corporation after ceasing to be an officer of the Corporation. These consulting fees are considered in the above table.
- (7) Dr. Golan became the Corporation's first part-time CMO 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. On January 1, 2021, Dr. Golan was hired as an employee. Dr. Golan was paid in USD which has been converted into CAD for the purposes of this table using the average exchange rate of 1.27 in 2022, 1.32 in 2021, and 1.33 in 2020.
- (8) Dr. Cilla was hired on November 1, 2020 as the CDO. Dr. Cilla was paid in USD which has been converted into CAD for the purposes of this table using the average exchange rate of 1.27 in 2022 and 2021.
- (9) Mr. Paquette ceased providing services to the Corporation on July 17, 2022.

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, 2022.

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	69,480	1.10	26-Mar-29				
	1,000,000	0.55	02-Dec-29	-	-	-	-
	200,000	1.09	16-Sep-30				
	500,000	1.22	07-May-31				
	350,000	0.13	08-Dec-31				
Kenneth Howling ⁽¹⁾ Acting CFO	200,000	0.23	16-Nov-31	-	-	-	-
	150,000	0.13	08-Dec-31				
Kimberly Stephens ⁽²⁾ Former CFO	154,400	0.52	15-Nov-22				
	231,600	0.60	15-Nov-22				
	38,600	0.88	15-Nov-22	-	-	-	-
	200,000	0.55	15-Nov-22				
	100,000	1.09	15-Nov-22				
	300,000	1.22	15-Nov-22				

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 (\$)
Yoav Golan	200,000	1.09	16-Sep-30				
CMO	200,000	1.22	07-May-31	-	-	-	-
	200,000	0.13	08-Dec-31				
Don Cilla	200,000	1.22	07-Dec-30				
CDO	200,000	1.22	07-May-31	-	-	-	-
	350,000	0.13	08-Dec-31				
Stephane Paquette. ⁽³⁾	57,900	0.60	10-May-27				
Former Senior Director, Corporate Development	19,300	0.88	01-Apr-28	-	-	-	-
	100,000	0.55	02-Dec-29				
	65,000	1.09	16-Sep-30				
	75,000	1.22	07-May-31				
	350,000	0.13	08-Dec-31				

Notes:

- (1) Mr. Howling was appointed as Acting Chief Financial Officer of the Corporation on November 15, 2021.
(2) Ms. Stephens ceased being an officer of the Corporation on November 15, 2021.
(3) Mr. Paquette ceased providing services to the Corporation on July 17, 2022.

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, 2022.

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	-	-	-
Kenneth Howling ⁽¹⁾ Acting CFO	-	-	-
Kimberly Stephens ⁽²⁾ Former CFO	2,445	-	-
Yoav Golan CMO	-	-	-
Don Cilla CDO	-	-	-
Stephan Paquette ⁽³⁾ Sr Dir, Product Dev.	1,222	-	-

Notes:

- (1) Mr. Howling was appointed as Acting Chief Financial Officer of the Corporation on November 15, 2021.
(2) Ms. Stephens ceased being an officer of the Corporation on November 15, 2021.
(3) Mr. Paquette ceased providing services to the Corporation on July 17, 2022.

Pension Plan Benefits

As of March 31, 2022, 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

Dr. Armand Balboni has a written employment agreement effective December 2, 2019 pursuant to which he is currently entitled to receive an annual salary of US\$276,000 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, 2022, the total amount owing to Dr. Balboni would have been US\$304,983 and CAD\$344,370, respectively.

Yoav Golan

Dr. Yoav Golan has a written employment agreement effective January 1, 2021 pursuant to which he is currently entitled to receive an annual salary of US\$334,200 as compensation for his services as CMO of the Corporation. Dr. Golan 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. Golan 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. Golan would be entitled to six months plus one month for each year of service up to a maximum of 12 months' of Dr. Golan's average monthly total compensation (base compensation and earned bonus compensation), or nine months' base pay, respectively. Dr. Golan'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. Golan had been terminated without cause as of March 31, 2022, total amount owing to Dr. Golan would have been \$257,200. If Dr. Golan had been terminated due to a change of control as of March 31, 2022, total amount owing to Dr. Golan would have been \$266,200.

Don Cilla

Don Cilla has a written employment agreement effective November 1, 2020 pursuant to which he is currently entitled to receive an annual salary of US\$324,000 as compensation for his services as CMO of the Corporation. Dr. Cilla 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. Cilla 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. Cilla would be entitled to six months plus one month for each year of service up to a maximum of 12 months' of Dr. Cilla average monthly total compensation (base compensation and earned bonus compensation), or nine months' base pay, respectively. Dr. Cilla'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. Cilla had been terminated without cause as of March 31, 2022, total amount owing to Dr. Cilla would have been \$322,188. If Dr. Cilla had been terminated due to a change of control as of March 31, 2022, total amount owing to Dr. Cilla would have been \$331,742.

Kimberly Stephens and Stéphane Paquette

Each of Kimberly Stephens and Stéphane Paquette had employment agreements with change of control and termination provisions. Upon ceasing to provide services to the Corporation, no termination payments were owed to either Ms. Stephens or Mr. Paquette.

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 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).

Assuming approval of the Option Plan Resolution, the aggregate number of Common Shares issuable upon the exercise of all Options granted under the Stock Option Plan and under all other share based compensation arrangements (including the Incentive Plan if approved by Shareholders at the Meeting) will not exceed 10% of the issued and outstanding Common Shares at the time of grant. If any Option granted under the 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 Stock Option Plan. In the event that the Option Plan Resolution is not passed, the Stock Option Plan will remain unamended as a fixed plan and Shareholder approval will be required to increase the number of Common Shares which may be issuable in connection with the Options granted thereunder.

Assuming approval of the Option Plan Resolution, under the Amended Stock Option Plan the maximum number of Options which may be (a) issued to Insiders (as defined in the Amended Stock Option Plan) within any one (1) year period; and (b) issuable to Insiders at any time, under the Amended Stock Option Plan, or when combined with all other share based compensation arrangements, cannot exceed ten percent (10%) of the issued and outstanding Common Shares at the time of grant. Other than as set out above, the Amended Stock Option Plan does not provide for a maximum number of Common Shares which may be issued to an individual.

Subject to the terms and conditions of the 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 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 Stock Option Plan may be exercised during a period determined under the 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.

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 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 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 Stock Option Plan) with respect to the Corporation or a Corporate Group entity (which, under the 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 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 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 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 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 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 Stock Option Plan and may amend the terms and conditions of Options granted pursuant to the Stock Option Plan.

Without limiting the generality of the foregoing, the Board may make the following amendments to the Stock Option Plan without obtaining Shareholder approval: (a) amendments to the terms and conditions of the Stock Option Plan necessary to ensure that the 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 Stock Option Plan respecting administration of the Stock Option Plan and eligibility for participation under the Stock Option Plan; (c) amendments to the provisions of the Stock Option Plan respecting the terms and conditions on which Options may be granted pursuant to the Stock Option Plan, including the provisions relating to the term of the Option and the vesting schedule; and (d) amendments to the 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 Stock Option Plan maximum or the number of securities issuable under the 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 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 Stock Option Plan amendment provisions.

SUMMARY OF INCENTIVE PLAN

The Incentive Plan was approved by the Board on August 12, 2022. Stock appreciation rights (“**SARs**”), deferred stock unit (“**DSUs**”), restricted stock unit awards (“**RSUs**”) and other share-based awards (each an “**Award**”) are issued pursuant to the Incentive Plan. Options are issued pursuant to the Stock Option Plan. The below description of the Incentive Plan is a summary only. For further information, Shareholders should review the Incentive Plan attached hereto as Schedule “C”.

Purpose of the Incentive Plan

The purpose of the Incentive Plan is to advance the interests of the Corporation and its affiliates by attracting, retaining and motivating highly competent persons as directors, officers, employees and consultants of the Corporation and its affiliates (collectively, “**Eligible Persons**”) through security-based compensation, to acquire an increased proprietary interest in the Corporation.

Administration of the Incentive Plan

The Incentive Plan is administered by the Board which has the power, subject to the specific provisions of the Incentive Plan, to, among other things: (a) establish policies, rules and regulations for carrying out the purposes, provisions and administration of the Incentive Plan; (b) interpret, construe and determine all questions arising out of the Incentive Plan and any Award; (c) determine those persons considered Eligible Persons (being directors, officers, employees, management company employees or consultants of the Corporation or its affiliates); (d) grant and determine the number of Awards; (e) determine the exercise criteria, Option Price (as defined in the Incentive Plan) of a SAR (provided it not be less than the last closing price of the Common Shares on the TSX on the last trading date immediately preceding the relevant date (“**Market Price**”)), time when Awards will be exercisable or redeemable and whether the Common Shares that are subject to an Award will be subject to any restrictions upon the exercise or redemption thereof; (f) prescribe the form of the instruments or award agreements relating to the Awards; (g) correct any defect or omission, or reconcile any inconsistency in the Incentive Plan and any award agreement; (h) authorize withholding arrangements; and (i) take all other actions necessary or advisable for administering the Incentive Plan. The Board may, from time to time, delegate the administration of all or any part of the Incentive Plan to a committee of the Board and shall determine the scope of and may revoke or amend such delegation.

Eligible Persons

The Incentive Plan authorizes the Board (or a committee of the Board if so authorized by the Board) to grant Awards to Eligible Persons. Eligible Persons who have received Awards are referred to herein as “**Participants**”. An Award is personal to the Participant and is non-assignable and non-transferable, except with the prior written consent of the Corporation and any required consent of the exchange on which the Common Shares are then listed and any other applicable regulatory authority.

Description of Awards

Pursuant to the Incentive Plan, the Corporation is authorized to issue Awards to Eligible Persons, which may be settled in Common Shares issued from treasury, or in cash. The Incentive Plan also gives the Board discretion to make other equity incentive awards, subject to the approval of the TSX.

(a) SARs

A SAR is a right to receive a cash payment equal to the difference between the Option Price and the Market Price of a Common Share on the date of exercise (the “**SAR Amount**”). SARs shall be granted on such terms as shall be determined by the Board and set out in the Award agreement. SARs may be settled in cash or (at the election of the Corporation) Common Shares with an aggregate Market Price equal to the SAR Amount.

(b) RSUs

An RSU is a right to receive a Common Share issued from treasury or, if the award agreement so provides, the Participant may elect to have some or all of such person's RSUs settled by a cash payment equal to the Market Price of a Common Share redeemable after the passage of time, the achievement of performance targets or both. Where a Participant is an employee, the Participant can only elect to receive cash if the settlement is to occur prior to the third anniversary date of the grant of the RSU, thereafter settlement can only be by way of Common Shares. RSUs shall be granted on terms determined by the Board based on its assessment, for each Participant, of the current and potential contribution of such person to the success of the Corporation. The Board shall determine the effective date of the grant and the number of RSUs granted. The Board shall also determine the applicable term, the vesting terms and the exercise criteria of each RSU.

(c) DSUs

A DSU is a right, generally redeemable only after the Participant has ceased to hold all positions with the Corporation or has otherwise ceased to be an Eligible Person, to a cash payment equal to the Market Price of a Common Share on the date the Participant ceases to be an Eligible Person or, if applicable, to one fully paid and non-assessable Common Share issued from treasury. Except in exceptional circumstances, Participants have no right or ability to exercise, receive or otherwise demand payment of the value of DSUs granted to them prior to ceasing to hold all positions with the Corporation or to otherwise cease to be an Eligible Person.

(d) All Awards and Other Awards

Awards may be granted alone, in addition to, or in tandem with any other Award or any award granted under another plan of the Corporation or an affiliate. Awards granted in addition to or in tandem with other Awards may be granted either at the same time or at different times. The date of grant, the number of Common Shares, the vesting period and any other terms and conditions of Awards granted pursuant to the Incentive Plan are to be determined by the Board, subject to the express provisions of the Incentive Plan.

The Board may also grant other share-based awards to Eligible Persons pursuant to the Incentive Plan. All such awards shall be granted on terms determined by the Board and shall be subject to the approval of the TSX, if required.

Restrictions on Awards

The Incentive Plan contains the following restrictions on the allotment of Common Shares and the Corporation's obligation to issue Common Shares pursuant to the Incentive Plan:

- (a) the maximum aggregate number of Common Shares available for issuance under the Incentive Plan shall not exceed 5% of the issued and outstanding Common Shares;
- (b) the aggregate number of Common Shares issuable under the Incentive Plan, together with all other security based compensation arrangements of the Corporation (including the Stock Option Plan), cannot exceed 10% of the issued and outstanding Common Shares; and
- (c) the aggregate number of Common Shares: (i) issued to Insiders (as defined in the Incentive Plan) within any one year period, together with any other security-based compensation arrangement, cannot exceed 10% of the issued and outstanding Common Shares; and (ii) issuable at any time together with any other security-based compensation arrangement, cannot exceed 10% of the issued and outstanding Common Shares.

Notwithstanding the foregoing, the Corporation will not be deemed to be acting in contravention of the limits set out immediately above as a result of any decrease in the number of issued and outstanding Common

Shares following the grant of an Award as a result of any issuer bid or redemption carried out in accordance with applicable law.

Termination

Subject to the provisions of the Incentive Plan, any express resolution passed by the Board and the terms of any award agreement, all Awards, and all rights to acquire Common Shares pursuant thereto, granted to a Participant shall expire and terminate immediately upon such person's termination date. If, however, before the expiry of an Award, a Participant ceases to be an Eligible Person for any reason, other than termination by the Corporation for cause, such Award may be exercised or redeemed, as applicable: (a) subject to any determination by the Board, by the holder thereof at any time within three (3) months following their termination date; or (b) if the person is deceased, at any time within twelve months following his or her death, subject to the provisions of the Incentive Plan, the terms set out in the applicable award agreement and any determination made by the Board to accelerate the vesting of or to extend the expiry of an Award. In any event, the exercise or redemption of an Award must occur prior to any applicable expiry date and in any event, not more than 12 months from the date of termination. In addition, an Award is only exercisable or redeemable to the extent that the Participant was otherwise entitled to exercise or redeem the Award unless otherwise determined by the Board. If a Participant is terminated for cause, all unexercised or unredeemed Awards (vested or unvested) shall be terminated immediately.

Adjustments

If a formal bid for the Common Shares is made (an "**Offer**"), all Common Shares subject to outstanding Awards not then exercisable or redeemable shall become exercisable or redeemable and a Participant shall be entitled to exercise or redeem all or any part of the Award and tender the Common Shares acquired into the Offer. In the event of any stock dividend, stock split, combination or exchange of shares, merger, amalgamation, acquisition, divestiture, consolidation, spin-off or other distribution (other than normal cash dividends) of the Corporation's assets to Shareholders, or any other change in the capital of the Corporation affecting Common Shares, the Board will, subject to TSX approval, make such proportionate adjustments, if any, to outstanding Awards as the Board in its discretion may deem appropriate to reflect such change.

Change of Control

As set out in the Incentive Plan, in the event of a change of control ("**CoC**") of the Corporation or of an affiliate of which a Participant is an employee, with respect to all RSU grants, SARs and DSUs that are outstanding for such Participant on the date of the CoC (the "**CoC Date**"), (i) all vesting criteria or exercise criteria, if any, applicable to such RSUs, SARs and DSUs shall be deemed to have been satisfied as of the CoC Date; and (ii) except as may be otherwise provided under the terms of any other employee benefit plan approved by the Board, each Participant who has received any such RSU grants or SARs shall be entitled to receive, in full settlement of such RSU grants or SARs, a cash payment equal (A) in the case of a RSU, the Special Value (as defined herein); and (B) in the case of a SAR, the difference between the Special Value and the Option Price in respect of such SAR, in each case, payable on the date which is ten business days following the CoC Date. In the event of a CoC, the right of a Participant to receive a payment in respect of a DSU will not be triggered prior to such Participant's termination date. As used herein, the term "**Special Value**" means (i) if any Common Shares are sold as part of the transaction constituting the CoC, the weighted average of the prices paid for such shares by the acquirer, provided that if any portion of the consideration is paid in property other than cash, then the Board shall determine the fair market value of such property for purposes of determining the Special Value; and (ii) if no Common Shares are sold, the Market Price of a Common Share on the day immediately preceding the date of the CoC.

Acceleration of Awards

Notwithstanding any other provision of the Incentive Plan, the Board may at any time give notice to Participants advising that their respective Awards (other than a DSU) are all immediately exercisable or redeemable and may be exercised or redeemed only within 30 days of such notice or such other period as determined by the Board and will otherwise terminate at the expiration of such period.

Amendment Procedure

The Incentive Plan contains a formal amendment procedure. The Board may amend certain terms of the Incentive Plan or Awards without requiring the approval of the Shareholders. The following non-exhaustive list of amendments do not require Shareholder approval: (a) altering, extending or accelerating Award vesting terms and conditions; (b) determining adjustments pursuant to the provisions of the Incentive Plan; (c) amending the definitions contained in the Incentive Plan; (d) amending or modifying the mechanics of exercising or redeeming Awards; (e) amending provisions relating to the administration of the Incentive Plan; (f) making “housekeeping” amendments, such as those necessary to cure errors or ambiguities contained in the Incentive Plan; (g) effecting amendments necessary to comply with the provisions of applicable laws; and (h) suspending or terminating the Incentive Plan.

The Incentive Plan specifically provides that certain amendments require Shareholder approval, including: (a) increasing the number of Common Shares issuable under the Incentive Plan, except in the event of an adjustment contemplated in the Incentive Plan; (b) reducing the Option Price (as defined in the Incentive Plan) of any Award held by an Insider; (c) amending the Incentive Plan if such amendment could result in the aggregate number of Common Shares issued to Insiders within any one year period or issuable to Insiders at any time under the Incentive Plan, together with any other security-based compensation arrangement, exceeding 10% of the outstanding Common Shares; (d) making any amendment which would permit Awards granted under the Incentive Plan to be transferrable or assignment other than for normal estate settlement purposes (and other than is contemplated in the Incentive Plan); (e) extending the term of an Award benefitting an Insider; and (f) amending the formal amendment procedures of the Incentive Plan.

Other Terms

Except as provided or with the consent of the Corporation and any applicable regulatory authority, all Awards under the Incentive Plan will be non-assignable.

Where an Award would expire during a black-out period or within ten business days following the end of a black-out period, the term of such Award shall be automatically extended to the date which is ten business days following the end of such black-out period, except where not permitted by the TSX.

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, 2022:

	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	9,276,490 (13.02%) ⁽¹⁾	\$0.67	198,137 (0.28%) ⁽¹⁾
Equity compensation plans not approved by securityholders	N/A	N/A	N/A

	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))
Total	9,276,490 (13.02%) ⁽¹⁾	\$0.67	198,137 (0.28%) ⁽¹⁾

Note:

(1) Calculated based on 71,266,120 Common Shares issued and outstanding as at March 31, 2022.

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, 2022	March 31, 2021	March 31, 2020
Stock Option Plan	8.49%	2.45%	5.81%

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 A.

Composition of the Board

The Board is currently composed of six directors, four 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, Juergen Froehlich and Rochelle Stenzler are considered independent. 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 four 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.

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 between April 1, 2021 to the date hereof 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	18/20	-	-	-
Brian Bloom	19/20	-	-	-
Ian Mortimer	19/20	4/4	3/3	2/2
Theresa Matkovits	19/20	4/4	3/3	2/2
Juergen Froehlich	20/20	-	3/3	1/1
Rochelle Stenzler	20/20	4/4	-	1/1

Note:

(1) A pricing committee was formed in connection with each of: (a) the October 2021 Offering (as defined herein) to approve the final pricing terms of the October 2021 Offering; and (b) the May 2022 Offering (as defined herein) to approve the final pricing terms of the May 2022 Offering.

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 identifying and recommending potential nominees for directorship. When determining whether identified candidates are suitable for the Board, the Nominating and Compensation Committee: (i) the competencies and skills considered necessary for the Board as a whole; (ii) the competencies and skills that the existing directors possess, and the competencies and skills nominees will bring to the Board; and (iii) whether nominees can devote sufficient time and resources to his or her duties as a member of the Board. Potential candidates for membership on the Board will not be denied consideration by reason of race, sex, religion or affiliation with some special constituency group, nor will any candidate be selected solely for such reason.

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*”.

Director Majority Voting Policy

The Board adopted a majority voting policy (the “**Majority Voting Policy**”) effective September 16, 2020. A nominee who does not receive the support of at least a majority of the votes cast at the meeting in his or her favour must immediately tender his or her resignation to the Chair of the Board for the consideration by the Nominating and Compensation Committee of the Board. The Nominating and Compensation Committee shall consider the resignation offer and shall recommend to the Board whether or not to accept it. Unless extenuating circumstances apply, the Nominating and Compensation Committee shall be expected to accept the resignation. The Board shall act on the Nominating and Compensation Committee’s recommendation within 90 days of the date of the shareholders’ meeting at which the election occurred. The Board shall be expected to accept the resignation except in situations where extenuating circumstances would warrant the applicable director continuing to serve on the Board. Following the Board’s decision on the resignation, the Board will promptly disclose, by way of a press release, its decision (together with an explanation of the process by which the decision was made and, if applicable, the reason(s) for rejecting the tendered resignation). The Majority Voting Policy does not apply in circumstances

involving contested director elections. A copy of the Majority Voting Policy is available on the Corporation's website at www.appilitherapeutics.com/corporate-governance.

Based on amendments to the CBCA that are expected to come into force on August 31, 2022 (the "**CBCA Amendments**"), shareholders of a company governed by the CBCA will be afforded the option to vote "against" rather than "withheld" in respect of uncontested elections of directors, and each nominee must receive more votes "for" their election than "against" in order to be elected. Additionally, pursuant to National Instrument 51-102 – *Continuous Disclosure Obligations* ("**NI 51-102**"), reporting issuers (including the Corporation) must provide shareholders an option to vote "for" and to "withhold" a vote with respect to the election of each director. As the Meeting will be held following the expected coming into force of the CBCA Amendments, and to ensure compliance with the CBCA Amendments and NI 51-102, Shareholders will be afforded the opportunity to vote "for", "against" or "withheld" in respect of each of the nominees at the Meeting. In anticipation of the CBCA Amendments coming into effect, the Corporation may amend its Majority Voting Policy to, *inter alia*, confirm that votes "withheld" shall be counted as "against" for the purposes of the determining whether the director was duly elected pursuant to the CBCA Amendments. In the event that the CBCA Amendments do not come into force as expected, the Corporation will treat votes "against" as "withheld".

Audit Committee

The Board has established an Audit Committee that is currently comprised of Ian Mortimer (Chair), Theresa Matkovits and Rochelle Stenzler, 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 29, 2022 for its fiscal year ended March 31, 2022 (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 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 are currently two women on the Board (33%). Two of the six (33%) nominees to the Board are women. No executive officer 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, two of six Board members (33%) 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 lead agent on the public offering of:

- (a) units of the Corporation completed on October 14, 2021 (the “**October 2021 Offering**”). BBSI received an aggregate cash fee for its services in connection with the October 2021 Offering of \$95,629 and was issued an aggregate of 128,674 broker warrants; and
- (b) units of the Corporation completed on May 26, 2022 (the “**May 2022 Offering**”). BBSI received an aggregate cash fee for its services in connection with the May 2022 Offering of \$89,212 and was issued an aggregate of 1,189,579 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 between 90 to 150 days before the anniversary of the last annual Shareholder meeting 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 between April 25, 2023 and June 24, 2023 to be considered for inclusion in the management information circular for the Corporation’s 2023 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, 2022 and related management’s discussion and analysis. Securityholders may obtain a copy of such documents by contacting Kenneth Howling, Acting CFO, at khowling@appiltherapeutics.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 August 12, 2022.

BY ORDER OF THE BOARD

(signed) Ian Mortimer

Ian Mortimer, Chair

SCHEDULE A

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

SCHEDULE B

AMENDED AND RESTATED STOCK OPTION PLAN

(please see attached)

APPILI THERAPEUTICS INC.
THIRD AMENDED AND RESTATED STOCK OPTION PLAN

(effective as of September 16, 2020, as amended and restated by the Board on August 12, 2022 and by the Shareholders on September ____, 2022)

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 **"Insider Participation Limit"** has the meaning set forth in Section 4.2;

2.11 **"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;

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

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

2.14 “**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;

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

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

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

2.18 “**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;

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

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

2.21 “**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;

2.22 “**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;

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

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

2.25 “**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 5.6, 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 based compensation arrangements shall not exceed 10% of the issued and outstanding Shares as at the date of such grant. As a result, should the Corporation issue additional Shares in the future, the number of Shares issuable under the Plan will increase accordingly. The Plan is considered an "evergreen" plan, since the Shares covered by the Options which have been exercised shall be available for subsequent grants under the Plan and the number of Options available to grant increases as the number of issued and outstanding Shares increases.

4.2 The number of Shares:

- (a) issued to Insiders within any one year period; and
- (b) issuable to Insiders, at any time,

under the Plan, or when combined with all other share based compensation arrangements, cannot exceed 10% of the listed issued and outstanding Shares (the "**Insider Participation Limit**").

4.3 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 Corporation shall reserve additional Shares for issuance pursuant to such Options.

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

5. **ELIGIBILITY; GRANT; and TERMS OF OPTIONS**

5.1 Options may be granted hereunder 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 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

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**"); provided, however, that the Blackout Period Extension shall not apply to any Option held by a "United States person" as defined in Section 7701(a)(30) of the United States Internal Revenue Code, of 1986, as amended (the "**Code**") or by an Optionee who receives income for personal services performed within the United States within the meaning of Section 861(a)(3) of the Code unless the exercise of the Option during such blackout period would violate applicable law.

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 Corporation 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) remove or increase the Insider Participation Limit;
- (e) any amendment which would permit Options granted under the Plan to be transferable or assignable other than as set forth in Section 5.6 hereof and for normal estate settlement purposes; and
- (f) 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.

13. **CONTINUATION OF THE PLAN**

Once the Plan has received approval by the shareholders of the Corporation and by the Exchange (and any other relevant regulatory authority), the terms of the Plan will come into effect and remain effective provided that the Plan, or any amended version thereof, receives shareholder approval not more than every 3 years.

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 5.6 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 C

INCENTIVE PLAN

(please see attached)

EQUITY INCENTIVE PLAN
(approved by the Shareholders on September ____, 2022)

APPILI THERAPEUTICS INC.

ARTICLE 1
PURPOSE

1.1 **Purpose.** 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 Affiliates, including their directors, officers and employees, and to advance the interests of the Corporation by providing such persons with the opportunity, through security-based compensation, to acquire an increased proprietary interest in the Corporation.

1.2 **Effective Date and Replacement.** The Plan shall become effective upon the receipt of all required shareholder and regulatory approvals.

ARTICLE 2
DEFINED TERMS

2.1 **Definitions.** The following terms used herein shall have the following meanings:

“**Affiliate**” means an entity which is an “affiliate” of the Corporation for the purposes of National Instrument 45-106 - Prospectus Exemptions;

“**Award**” means a Stock Appreciation Right, Restricted Share Unit, Deferred Share Unit or other Share-based Award granted pursuant to the Plan;

“**Black-Out Period**” means a time when, pursuant to any policies of the Corporation, any securities of the Corporation may not be traded by certain persons as designated by the Corporation, including any holder of an Award;

“**Board**” means the board of directors of the Corporation or, if established and duly authorized to act in respect of the Plan, a committee of the board of directors of the Corporation;

“**Business Day**” means any day, other than a Saturday or a Sunday, on which the Exchange is open for trading;

“**Change of Control**” means:

- (i) 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;

- (ii) 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);
- (iii) 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;
- (iv) 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);
- (v) the Board passes a resolution to the effect that an event comparable to an event set forth in this definition has occurred; or
- (vi) 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);

"Code" means the United States Internal Revenue Code of 1986, as amended;

"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;

"Corporation" means Appili Therapeutics Inc., a corporation existing under the laws of the Canada, and any successor corporation;

"Deferred Share Units" has the meaning set out in Section 10.1;

"Eligible Person" means:

- (i) a director, officer, employee or Service Provider of the Corporation or any Related Entity (an **"Eligible Individual"**); or

- (ii) 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;

"Employee" means an individual who is considered an employee of the Corporation or its Affiliates for the purposes of the Tax Act;

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

"Exercise Criteria" means the criteria, if any, established by the Board in relation to an RSU Grant, which criteria are to be achieved during an RSU Grant Period by a Participant in respect of that particular RSU Grant in order that Restricted Share Units will be issued and which criteria may, without limitation, include vesting periods and criteria based on performance of the Shares in the market, financial performance by the Corporation and/or by a specific business unit of the Corporation and other corporate or individual measures;

"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;

"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 and in accordance with the policies of the Exchange;

"Offer" has the meaning set out in Section 6.1;

"Officer" means a senior officer of the Corporation or an Affiliate;

"Option" means an option granted to purchase Shares under the terms of the Option Plan;

"Option Plan" means the stock option plan of the Corporation as the same may be in force from time to time;

“Option Price” means the price per share at which Shares may be purchased under an Option or based on which the SAR Amount is determined, as the same may be adjusted from time to time in accordance with Article 6 hereof;

“Other Awards” has the meaning set out in Section 11.1;

“Participant” means an Eligible Person who holds an Award under the terms of the Plan;

“Payout Date” in respect of a Deferred Share Unit means ten Business Days following the Termination Date;

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

“Plan” means this equity incentive plan;

“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;

“Release Date” means, in respect of an RSU Grant unless otherwise determined by the Board, the date which is ten Business Days following each anniversary of the RSU Effective Date, as may be specified in the award agreement;

“Restricted Share Units” has the meaning set out in Section 9.1;

“RSU Effective Date” means the date which the Board determines will be the date on which the RSU Grant will take effect;

“RSU Grant” means the grant of Restricted Share Units allocated to a Participant at any time in accordance with the Plan;

“RSU Grant Period” means the period established by the Board in respect of each RSU Grant, which period shall commence on the RSU Effective Date and end on the date designated by the Board, provided however that such period will not in any case exceed three years;

“SAR Amount” has the meaning set out in Section 8.2;

“Securities Act” means the *Securities Act* (Ontario), as may be amended from time to time;

“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;

“Shares” mean the common shares of the Corporation as currently constituted or, in the event of an adjustment as contemplated by Article 6, such other shares or securities to which a Participant may be entitled or on which the value of an Award may be based, as a result of such adjustment;

“Stock Appreciation Rights” has the meaning set out in Section 8.1;

“**Subscription Amount**” has the meaning set out in Section **Error! Reference source not found.**;

“**Tax Act**” means the *Income Tax Act* (Canada) as amended from time to time;

“**Termination Date**” means the date a Participant ceases to be, for any reason, (i) in the context of a Deferred Share Unit, a director; and (ii) in all other contexts herein, an Eligible Person and, unless otherwise provided herein, does not include any period of statutory, contractual or reasonable notice or any period of salary continuance or deemed employment;

“**TSX**” means the Toronto Stock Exchange; and

“**US Person**” means a “United States person” as defined in Section 7701(a)(30) or a Person who receives income for personal services performed within the United States within the meaning of Section 861(a)(3) of the Code.

ARTICLE 3 ADMINISTRATION OF PLAN

3.1 **General.** This Plan shall be administered by the Board which shall have the power, subject to the specific provisions of the Plan:

- (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 and any Award granted pursuant to the Plan, where every such interpretation, construction or determination made by the Board shall be final, binding and conclusive for all purposes;
- (c) to determine the Eligible Persons to whom Awards are granted and to grant Awards;
- (d) to determine the number of Awards;
- (e) to determine the Exercise Criteria, in respect of any RSU Grant and exercise criteria, if any, in respect of a Deferred Share Unit;
- (f) to determine the Option Price of a SAR provided that the Option Price shall not be less than the Market Price;
- (g) to determine the time or times when Awards will be granted and exercisable or redeemable;
- (h) to determine if the Shares that are subject to an Award will be subject to any restrictions upon the exercise or redemption of such Award;
- (i) to prescribe the form of the instruments or award agreements relating to the grant, exercise, redemption and other terms of Awards;
- (j) to determine whether, to what extent, and under what circumstances an Award may be settled;

- (k) to correct any defect (including but not limited to amending an award agreement to comply with applicable law), supply any omission, or reconcile any inconsistency in the Plan or any award agreement in the manner and to the extent it shall deem desirable to carry out the purposes of the Plan;
- (l) to authorize withholding arrangements pursuant to Section 13.4 of the Plan;
- (m) to authorize any person to execute on behalf of the Corporation any instrument required to effect the grant of an Award previously granted by the Board; and
- (n) to make all other determinations and take all other actions described in the Plan or as the Board otherwise deems necessary or advisable for administering the Plan and effectuating its purposes.

The powers described in this Section 3.1 shall be exercised in accordance with applicable securities laws and the rules and policies of the Exchange.

3.2 **Delegation of Administration.** The Board may, from time to time, delegate the administration of all or any part of the Plan to a committee of the Board and shall determine the scope of and may revoke or amend such delegation.

3.3 **Award Agreement.** Each Participant may be required to execute an award agreement in the form determined by the Board from time to time. In the event of any inconsistency between the terms of any award agreement and this Plan, the terms of this Plan shall govern.

3.4 **Awards May be Separate or in Tandem.** In the Board's discretion, Awards may be granted alone, in addition to, or in tandem with any other Award or any award granted under another plan of the Corporation or an Affiliate. Awards granted in addition to or in tandem with other awards may be granted either at the same time or at different times.

ARTICLE 4 SHARES SUBJECT TO THE PLAN

4.1 **Maximum Number of Shares Issuable.** The aggregate number of Shares available for issuance under this Plan shall not exceed five percent (5%) of the issued and outstanding Shares, provided that Shares reserved for issuance pursuant to Awards which are cancelled or terminated without having been redeemed will again be available for issuance under this Plan and also provided that the Shares underlying Awards which are redeemed for cash or through the purchase of shares on the market will be available for issuance under this Plan.

4.2 **Award Limits.** Under no circumstances shall this Plan, together with all other security-based compensation arrangements of the Corporation (including the Option Plan), result, at any time in:

- (a) the number of Shares issuable exceeding 10% of the issued and outstanding Shares (on a non-diluted basis);

- (b) Insiders, within a 12 month period, being issued a number of Shares under the Plan and/or under any other security based compensation arrangement of the Corporation exceeding 10% of the issued and outstanding Shares; and
- (c) the number of Shares issuable to Insiders exceeding 10% of the issued and outstanding Shares.

Notwithstanding the foregoing, the Corporation will not be deemed to be acting in contravention of the limits set out in this Section 4.2 as a result of any decrease in the number of issued and outstanding Shares following the grant of an Award and/or Option as a result of any issuer bid or redemption carried out in accordance with applicable law.

4.3 Restrictions on Exercise or Redemption. Notwithstanding any of the provisions contained in the Plan or any Award, the Corporation's obligation to issue Shares to a Participant pursuant to the exercise or redemption of an Award shall be subject to:

- (a) the completion of such registration or other qualification of such Shares or the approval of the Exchange or such other regulatory authority as the Corporation shall determine to be necessary or advisable in connection with the authorization, issuance or sale thereof;
- (b) the admission of such Shares to listing on the Exchange; and
- (c) the receipt from the Participant of such representations, agreements and undertakings, including as to future dealings in such Shares as the Corporation or its counsel determines to be necessary or advisable in order to safeguard against the violation of the securities laws of any jurisdiction.

In this regard, the Corporation shall, to the extent necessary, take all 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. If any Shares cannot be issued to any Participant for any reason including, without limitation, the failure to obtain necessary shareholder, regulatory or stock exchange approval, then the obligation of the Corporation to issue such Shares shall terminate and any amounts paid by the Participant to the Corporation to exercise or redeem an Award shall be returned to the Participant.

4.4 Non-Assignable. An Award is personal to the Participant and is non-assignable and non-transferable, except with the prior written consent of the Corporation and any required consent of the Exchange and any other applicable regulatory authority.

4.5 Substitute Awards. Subject to Exchange approval, the Board may grant Awards under the Plan in substitution for share and share-based awards held by employees, directors, consultants or advisors of another company (an "**Acquired Company**") in connection with a merger, consolidation or similar transaction involving such Acquired Company and the Corporation or an Affiliate or the acquisition by the Corporation or an Affiliate of property or stock of the Acquired Company. The Board may direct that the

substitute Awards be granted on such terms and conditions as the Board considers appropriate in the circumstances.

ARTICLE 5 ELIGIBILITY AND CEASING TO BE AN ELIGIBLE PERSON

5.1 **Eligible Persons.** Awards may only be granted to Eligible Persons pursuant to the terms herein.

5.2 **Compliance with Laws.** Notwithstanding any provision contained in this Plan, no Participant may exercise or redeem any Award granted under this Plan and no Shares may be issued upon exercise or redemption of an Award unless such exercise or redemption and issuance are in compliance with all applicable securities laws or other legislation of the jurisdiction of residence of such person and in compliance with the terms of the Plan. Unless the potential Participant is a resident of Canada, the Corporation may require, as a condition of the grant of an Award, that the potential Participant provide a written acknowledgement that the grant of the Award does not violate any such laws.

5.3 **Termination Date.** Subject to Section 5.4, 5.5 and 5.6 and any express resolution passed by the Board, all Awards, and all rights to acquire Shares pursuant thereto, granted to an Eligible Person shall expire and terminate immediately upon the Participant's Termination Date.

5.4 **Circumstances When Awards are Exercisable.** If, before the expiry of an Award in accordance with the terms thereof, a Participant ceases to be an Eligible Person for any reason whatsoever, other than termination by the Corporation for cause (in which case all unexercised or unredeemed Awards (vested or unvested) shall cease immediately), such Awards may, subject to:

- (a) the terms set out in the Award agreement;
- (b) any determination made by the Board to accelerate the vesting of or to extend the expiry of an Award; and
- (c) any other terms of the Plan,

be exercised or redeemed, as applicable:

- (d) if the Participant is deceased, by the heirs of the Participant or by legal personal representative(s) of the estate of the Participant at any time within twelve months following the death of the Participant; or
- (e) subject to any determination by the Board, by the Participant at any time within three (3) months following the Termination Date.

But, in any case, subject to any determination of the Board, the exercise or redemption of the Award must be: (i) prior to the expiry of the RSU Grant Period, in respect of Restricted Share Units, and (ii) prior to the expiry of the Award in the case of Other Awards under the Plan, and in each case only to the extent that the Award was vested or the Exercise Criteria was satisfied and the Participant was otherwise entitled to exercise the Award at the Termination Date. Notwithstanding the foregoing, a Participant shall not be entitled to exercise or redeem any Award following the date that is 12 months from the Termination Date.

5.5 Death or Termination of Employment.

- (a) Notwithstanding Section 5.4, in the event of the death of a Participant while in the employment of the Corporation or any Affiliate, all Awards granted to that Participant prior to the date of death shall be deemed to be vested in the Participant or to have had the Exercise Criteria relating thereto satisfied on the date of death.
- (b) Except as specifically provided for in this Plan or in any award agreement, or as otherwise agreed to or determined by the Board, if the employment of a Participant with the Corporation or any Affiliate is terminated for any reason prior to the exercise or redemption of any Award, then the Participant shall be deemed to have forfeited all right, title and interest with respect to any Award not fully vested or in respect of which the Exercise Criteria has not been satisfied upon that Participant's last day of such employment which shall be considered to be:
 - (A) if the Participant is terminated for just cause, the actual date of termination; and
 - (B) if the Participant is terminated for reasons other than just cause, the date at the conclusion of any statutory or contractual period of notice of termination of employment to which that Participant is entitled.
- (c) Notwithstanding the foregoing, in the event that a Participant's employment with the Corporation or any Affiliate is terminated without just cause or if the Participant resigns from such employment then, at the sole and unfettered discretion of the Board, all or any portion of the Awards granted to that Participant may be deemed to have vested or to have had the Exercise Criteria relating thereto satisfied on the Termination Date.

5.6 Another Listed Category. Awards shall not be affected in the event the Participant ceases to fall within a listed category contained in the definition of an "Eligible Person" hereunder where such Participant falls within another listed category of such definition.

ARTICLE 6
CERTAIN ADJUSTMENTS

6.1 Offer for Shares. In the event that any formal bid (as contemplated in the Securities Act) for the Shares is made (an "Offer"), all Shares subject to outstanding Awards not then exercisable or redeemable shall thereupon become immediately exercisable or redeemable. Further, the Participant shall be entitled to include in the written notice of election to exercise or redeem all or any part of the Award that such Participant is electing to exercise or redeem the Award with the intention of tendering the Shares acquired upon such exercise or redemption 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 Participant shall, upon return of certificates representing such Shares, be deemed not to have exercised or redeemed the Award with respect to such Shares and the Corporation shall return to the Participant 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 Awards become exercisable or redeemable 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.

6.2 **Changes in Shares.** In the event of any stock dividend, stock split, combination or exchange of shares, merger, amalgamation, acquisition, divestiture, consolidation, spin-off or other distribution (other than normal cash dividends) of the Corporation's assets to shareholders, or any other change in the capital of the Corporation affecting Shares, the Board will, subject to Exchange approval, make such proportionate adjustments, if any, as the Board in its discretion may deem appropriate to reflect such change, with respect to (i) the number or kind of Shares or other securities reserved for issuance pursuant to this Plan; (ii) the number or kind of Shares or other securities subject to unexercised or unredeemed Awards previously granted; and (iii) the Option Price or the Market Price of a Share at the date of grant, as applicable, of Awards.

6.3 **No Fractional Shares.** The Corporation will not issue fractional Shares in satisfaction of any of its obligations hereunder.

6.4 **Accelerated Exercise or Redemption of Awards/Sale Transactions.**

- (a) The Board may at any time give written notice to all Participants advising that their respective Awards (other than a Deferred Share Unit) are all immediately exercisable or redeemable and may be exercised or redeemed only within 30 days of such written notice or such other period as determined by the Board and not thereafter and that all rights of the Participants under any Awards (other than a Deferred Share Unit) not exercised or redeemed within such period will terminate at the expiration of such period.
- (b) Notwithstanding 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, in its sole discretion, deal with the Awards issued under the Plan in the manner it deems fair and reasonable in light of the circumstances of the Sale Transaction provided all Participants to whom Awards 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 may, in its sole discretion, by written notice (the "**Notice**") to any Participants, accelerate the vesting of some or all the Awards such that such Awards become immediately fully vested. In such circumstances, the Board may by written notice compel the Participant to exercise or redeem his or her Awards within 30 days of the date of such written notice to exercise or redeem, failing which the Participant's right to obtain the Shares or cash payment, as applicable, underlying such Awards lapses. In addition, and without limiting the generality of the foregoing, in connection with a Sale Transaction, the Board may, without any action or consent required on the part of any such Participant, (a) deem any or all Awards (vested or unvested) under the Plan to have been exercised and the Shares to have been tendered to the Sale Transaction; (b) exchange Awards, or any portion of them, for securities (including award based securities) 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 (c) take such other actions, and combinations of the foregoing actions, as it deems fair and reasonable under the circumstances.

- (c) If the proposed Sale Transaction is not completed within 180 days after the date of the Notice, any affected Participant, within a period of 10 days following the 180-day period, may elect to cancel an exercise or redemption pursuant to the Notice. In respect of any Participant who makes this election, the Corporation will return to the Participant all rights under such Participant's Awards as if no exercise or redemption had been effected, subject to the appropriate adjustment of accounts to the position that would have existed had there been no exercise or redemption of Awards.
- (d) 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 Awards not then exercisable or redeemable shall thereupon become immediately exercisable or redeemable. Further, the Participant shall be entitled to include in the written notice of election to exercise or redeem all or any part of the Award that such Participant is electing to exercise or redeem the Award 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 Participant shall, upon return of certificates representing such Shares, be deemed not to have exercised or redeemed the Award with respect to such Shares and the Corporation shall take such 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 Award become exercisable or redeemable 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.

6.5 **Payment on Change of Control.** Notwithstanding any other provision of the Plan (other than 6.4), if the employment of a Participant is terminated by the Corporation or an Affiliate without Cause or if the Participant resigns in circumstances constituting constructive dismissal by the Corporation or an Affiliate, 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 an Affiliate all vesting criteria and Exercise Criteria, if any, applicable to such Restricted Share Units, Stock Appreciation Rights and Deferred Share Units shall be deemed to have been satisfied as of such applicable Termination Date.

ARTICLE 7 OPTIONS

7.1 **Grant of Options under the Option Plan.** The Board may, from time to time, grant Options under the Option Plan and, except as provided in Section 4.2 hereof, any Shares issuable pursuant to the exercise of such Options shall not reduce the aggregate maximum number of Shares which may be reserved for issuance upon the exercise or redemption of Awards granted under this Plan.

**ARTICLE 8
STOCK APPRECIATION RIGHTS**

8.1 **Grants of Share Appreciation Rights.** The Board may grant rights ("**Stock Appreciation Rights**") to Eligible Persons.

8.2 **Stock Appreciation Rights.** Subject to Sections 8.3 and 8.4, a Stock Appreciation Right is the right to receive a cash payment equal to the excess, if any, of:

- (a) the Market Price of a Share on the date such Stock Appreciation Right is exercised over;
- (b) the Option Price,

multiplied by the number of Shares in respect of which the Stock Appreciation Right is being exercised, less any amount required to be withheld by applicable law (the "**SAR Amount**").

8.3 **Discretion to Issue Shares.** In the sole discretion of the Corporation, the Corporation may elect to satisfy the exercise of a Stock Appreciation Right by issuing to the Participant that number of Shares that have an aggregate Market Price, as at the date of exercise of the Stock Appreciation Right, equal to the SAR Amount.

8.4 **Terms of Stock Appreciation Rights.** Stock Appreciation Rights granted shall be granted on such terms as shall be determined by the Board and set out in the award agreement (including any terms pertaining to vesting and settlement), provided that the Option Price shall not be less than the Market Price on the date of grant.

**ARTICLE 9
RESTRICTED SHARE UNITS**

9.1 **Grants of Restricted Share Units.** The Board may Grant rights ("**Restricted Share Units**") to Eligible Persons. The Board shall designate the number of Restricted Share Units granted.

9.2 **Restricted Share Units.** A Restricted Share Unit is the right, subject to the level of achievement of Exercise Criteria or vesting or other criteria determined by the Board at the date of the Grant, to receive one Share issued from treasury for each Restricted Share Unit redeemed or a payment in cash determined in accordance with Section 9.5.

9.3 **Terms of Restricted Share Units.** Restricted Share Units shall be granted on such terms as shall be determined by the Board and set out in the award agreement. Without limiting the generality of the forgoing, subject to the provisions of the Plan, the Board shall, in its sole discretion and from time to time, determine the Eligible Persons to whom Grants will be made based on its assessment, for each Participant, of the current and potential contribution of such Eligible Person to the success of the Corporation. At such time, the Board shall also determine, in connection with each RSU Grant, the RSU Effective Date thereof, the number of Restricted Share Units to be allocated, the RSU Grant Period applicable thereto and any applicable vesting terms for such RSU Grant, the Exercise Criteria, if any, and such other terms and conditions which the Board considers appropriate to the RSU Grant in question (including any dividend

equivalent entitlements), and which terms and conditions need not be identical as between any two RSU Grants, whether or not contemporaneous.

9.4 **Redemption of Restricted Share Units.** Subject to the provisions of the Plan and award agreement, a Restricted Share Unit shall be redeemed and paid (or Shares issued) on the first Release Date following the satisfaction of the Exercise Criteria in respect of such Restricted Share Unit.

9.5 **Redemption in Cash.** Any award agreement may provide, at the option of the Board, that a Participant, or that Participant's estate, if applicable, may elect to have some or all of its Restricted Share Units described in such award agreement settled by the payment of cash. Where the Participant is an Employee, the settlement date shall be prior to the third anniversary date of the grant of the Restricted Share Unit. If the award agreement in question does not provide such election right to the Participant thereunder and also does not specify that there will be no election to settle Restricted Share Units by the payment of cash, then the Corporation will have the option to settle some or all of such Restricted Share Units by the payment of cash. Where a Participant is to receive cash in settlement of Restricted Share Units, then that Participant shall receive a cash payment equal to the number of Restricted Share Units being settled, multiplied by the Market Price on the Release Date applicable to such Restricted Share Units.

ARTICLE 10 DEFERRED SHARE UNITS

10.1 **Grants of Deferred Share Units.** The Board may grant rights ("**Deferred Share Units**") to Eligible Persons who are directors. The Board shall designate the number of Deferred Share Units granted.

10.2 **Deferred Share Units.** A Deferred Share Unit is the right to receive a cash payment equal to the Market Price of a Share on the Termination Date, less any amount required to be withheld by applicable law or, if applicable, one fully paid and non-assessable Share issued from treasury.

10.3 **Terms of Deferred Share Units.** Deferred Share Units shall be granted on such terms as shall be determined by the Board and set out in the award agreement. Without limiting the generality of the forgoing, subject to the provisions of the Plan, the Board shall, in its sole discretion and from time to time, determine the Eligible Persons to whom grants will be made based on its assessment, for each Participant, of the anticipated contribution of such Eligible Person to the success of the Corporation. At such time, the Board shall also determine, in connection with each grant, the effective date thereof, the number of Deferred Share Units to be allocated, and such other terms and conditions which the Board considers appropriate to the grant in question, and which terms and conditions need not be identical as between any two grants, whether or not contemporaneous.

10.4 **Redemption of Deferred Share Units.** Subject to the provisions of the Plan and award agreement, a Deferred Share Unit held by a Participant shall be redeemed by the Corporation on the Payout Date, unless otherwise agreed to between the Corporation and a Participant.

10.5 **Deferred Share Units May be Payable in Cash or Shares.** Any award agreement may provide, at the option of the Board, that a Participant, or that Participant's estate, if applicable, may elect to have some or all of its Deferred Share Units described in such award agreement settled by the issuance of Shares. If the award agreement in question does not provide such election right to the Participant

thereunder and also does not specify that there will be no election to settle Deferred Share Units by the issuance of Shares, then such Deferred Share Units shall only be settled by the payment of cash. For certainty, unless expressly provided in the award agreement, the granting of a Deferred Share Unit does not entitle the holder thereof to acquire or otherwise obtain any rights or interests whatsoever in any Shares (including the right to dividends) or other securities of the Corporation. Participants have no right or ability to exercise, receive or otherwise demand payment of the value of Deferred Share Units granted to them prior to the Payout Date.

ARTICLE 11 OTHER AWARDS

11.1 **Grants of Other Awards.** The Board may grant other share-based awards (“**Other Awards**”) to Eligible Persons. Other Awards shall be granted on such terms as shall be determined by the Board and set out in the award agreement and will be subject to the approval of the Exchange.

ARTICLE 12 AMENDMENT PROCEDURE

12.1 **Amendment Procedure.** The Corporation retains the right to amend or terminate the terms and conditions of the Plan by resolution of the Board. If required, any amendments shall be subject to the prior consent of any applicable regulatory bodies, including the Exchange. Any amendment to the Plan shall take effect with respect to all outstanding Awards on the date of, and all Awards granted after, the effective date of such amendment, provided that in the event any amendment materially and adversely effects any outstanding Awards it may apply to such outstanding Awards only with the mutual consent of the Corporation and the Participant to whom such Awards have been granted. The Board shall have the power and authority to approve amendments relating to the Plan or to Awards, without further approval of the shareholders of the Corporation, including the following non-exhaustive list of such amendments:

- (a) altering, extending or accelerating the terms and conditions of vesting of any Awards;
- (b) determining adjustments pursuant to Article 6 hereof;
- (c) amending the definitions contained within the Plan, including but not limited to the definition of “**Eligible Person**” under the Plan;
- (d) amending or modifying the mechanics of exercise or redemption of the Awards as set forth in the Plan;
- (e) effecting amendments of a “housekeeping” nature including, without limiting the generality of the foregoing, any amendment for the purpose of curing any ambiguity, error, inconsistency or omission in or from the Plan;
- (f) effecting amendments necessary to comply with the provisions of applicable laws (including, without limitation, the rules, regulations and policies of the Exchange);
- (g) effecting amendments respecting the administration of the Plan; and

- (h) effecting amendments necessary to suspend or terminate the Plan.

12.2 **Shareholder Approval.** Notwithstanding the foregoing, approval of the shareholders of the Corporation shall be required for the following types of amendments:

- (a) increasing the number of Shares issuable under the Plan, except in the event of an adjustment contemplated by Article 6;
- (b) reducing the Option Price of any Award held by an Insider;
- (c) amending the Plan which amendment could result in the aggregate number of Shares issued to Insiders within any one year period under the Plan together with any other security-based compensation arrangement, or issuable to Insiders at any time under the Plan together with any other security-based compensation arrangement, exceeding 10% of the issued and outstanding Shares;
- (d) any amendment which would permit Awards granted under the Plan to be transferable or assignable other than for normal estate settlement purposes (and other than as set forth in Section 4.4);
- (e) an extension to the term of an Award benefiting an Insider; and
- (f) amending Section 12.1 hereof and this Section 12.2.

Where required by the policies of the Exchange, the shareholder approval required by this Section 12.2 shall be by the majority vote of the shareholders of the Corporation excluding, as applicable, any votes cast by Insiders who are entitled to participate as Eligible Persons under the Plan or who will specifically benefit from the proposed amendment and as otherwise may be prescribed by the Exchange.

12.3 **Conflict.** In the event of any conflict between Sections 12.1 and Section 12.2, the latter shall prevail to the extent of the conflict.

ARTICLE 13 GENERAL

13.1 **No Rights as Shareholder.** The holder of an Award shall not have any rights as a shareholder of the Corporation with respect to any Shares covered by such Award until such holder shall have exercised or redeemed such Award and been issued Shares in accordance with the terms of the Plan and the award agreement and the Corporation shall issue such Shares to the Participant in accordance with the terms of the Plan and award agreement in those circumstances.

13.2 **No Rights Conferred.** Nothing contained in this Plan or any award agreement shall confer upon a Participant 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 award agreement 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 Participant beyond the time which

he or she would 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

13.3 Tax Consequences. It is the responsibility of the Participant to complete and file any tax returns which may be required under any applicable tax laws within the periods specified in those laws as a result of the Participant's participation in the Plan. The Corporation shall not be responsible for any tax consequences to the Participant as a result of the Participant's participation in the Plan. The Participant shall remain responsible at all times for paying any federal, provincial, local and foreign income or employment tax due with respect to any Award, and the Corporation shall not be liable for any interest or penalty that a Participant incurs by failing to make timely payments of tax.

13.4 Withholding Requirements. Prior to the delivery of any Shares or cash pursuant to the grant, exercise, vesting, or settlement of an Award, the Corporation shall have the power and the right to deduct or withhold, or to require a Participant to remit to the Corporation, an amount sufficient to satisfy any federal, provincial, local and foreign taxes that the Corporation determines is required to be withheld to comply with applicable laws. The Corporation shall make any withholdings or deductions in respect of taxes as required by law or the interpretation or administration thereof. The Corporation shall be entitled to make arrangements to sell a sufficient number of Shares to be issued pursuant to the exercise of an Award to fund the payment and remittance of such taxes that are required to be deducted or withheld and any associated costs (including brokerage fees).

13.5 No Representation. The Corporation makes no representation or warranty as to the future market value of any Shares issued in accordance with the provisions of the Plan.

13.6 Black-out Period. Awards shall be subject to the Corporation's insider trading policy as may be in effect from time to time, including any Black-out Period, trading prohibition or requirement to obtain mandatory pre-clearance of a transaction. Except where not permitted by the Exchange, where an Award would expire during a Black-Out Period or within ten Business Days following the end of a Black-Out Period, the term of such Award shall be automatically extended to the date which is ten Business Days following the end of such Black-Out Period.

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

13.8 Severance. If any provision of this Plan or any agreement entered into pursuant to this Plan contravenes any law or any order, policy, by-law or regulation of any regulatory body or Exchange having authority over the Corporation or this Plan then such provision shall be deemed to be amended to the extent required to bring such provision into compliance therewith.

ARTICLE 14 PROVISIONS APPLICABLE TO US PERSONS

14.1 Awards Subject to Code Section 409A. The provisions of this Article 14 shall apply to any Award to a US Person or portion thereof that is or becomes deferred compensation subject to Code Section 409A

(a “**409A Award**”), notwithstanding any provision to the contrary contained in the Plan or the award agreement applicable to such Award.

14.2 **Redemption of 409A Awards.** Except as otherwise permitted or required by Code Section 409A, no redemption in settlement of a 409A Award may be made (whether in the form of cash or Shares) or commence earlier than the earlier of:

- (a) The Participant’s separation from service (as defined in Section U.S. Treasury Regulation Section 1.409A-1(h);
- (b) The date the Participant becomes Disabled (as defined in U.S. Treasury Regulation Section 1.409A-13(i)(4);
- (c) The Participant’s death; or
- (d) A change in ownership of the Corporation or a substantial portion of its assets within the meaning of U.S. Treasury Regulation Section 1.409A-3(i)(5)(v) or (vii).

14.3 **Six Month Delay.** Notwithstanding anything herein or in any award agreement to the contrary, to the extent that the redemption of a 409A Award is triggered by a Participant’s separation from service, if the Participant is then a “specified employee” (as defined in U.S. Treasury Regulation Section 1.409A-1(i)), no redemption may be made before the date which is six (6) months after such Participant’s separation from service, or, if earlier, the date of the Participant’s death.

14.4 **No Acceleration of Distributions.** This Plan does not permit the acceleration of the time or schedule of any distribution under a 409A Award, except as provided by Code Section 409A and/or applicable regulations or rulings issued thereunder.

ARTICLE 15 SHAREHOLDER AND REGULATORY APPROVAL

15.1 This Plan shall be subject to the approval of the shareholders of the Corporation to be given 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 Awards granted hereunder prior to such approval and acceptance shall be conditional upon such approval and acceptance being given, and no such Awards may be exercised unless and until such approval and acceptance is given.

15.2 Once this Plan has received approval by the shareholders of the Corporation and by the Exchange (and any other relevant regulatory authority), the terms of the Plan will come into effect and remain effective provided that the Plan, or any amended version thereof, receives shareholder approval not more than every 3 years.