



**VAXIL BIO LTD.**

**NOTICE OF ANNUAL AND SPECIAL MEETING OF SHAREHOLDERS  
TO BE HELD ON DECEMBER 30, 2020**

**AND**

**MANAGEMENT INFORMATION CIRCULAR**

November 30, 2020

**These materials are important and require your immediate attention. They require shareholders to make important decisions. If you are in doubt as to how to deal with these materials or the matters they describe, please contact your financial, legal, tax or other professional advisors.**



## VAXIL BIO LTD.

3 Pinhas Sapir Street, 3rd Floor,  
"Weizmann Science Park",  
74140, Rehovot, Israel

### NOTICE OF ANNUAL AND SPECIAL MEETING OF SHAREHOLDERS

**NOTICE IS HEREBY GIVEN** that the annual and special meeting (the "**Meeting**") of the holders of common shares of **VAXIL BIO LTD.** (the "**Company**") will be held at 559 Briar Hill Avenue, Toronto ON M5N 1N1 at 12:00 p.m. (Toronto time) on Wednesday, December 30, 2020 for the following purposes:

1. to receive the audited financial statements of the Company for the financial year ended December 31, 2019, together with the auditor's report thereon;
2. to appoint MNP LLP as auditor of the Company for the ensuing year and authorize the board of directors to fix the auditor's remuneration;
3. to consider, and if deemed advisable, to pass, an ordinary resolution fixing the board of directors at four members;
4. to elect directors to serve until the next annual meeting of shareholders or until their successors are duly elected or appointed;
5. to consider and, if thought fit, to pass with or without variation, an ordinary resolution confirming, authorizing and approving the Company's stock option plan, as more particularly described in the accompanying management information circular;
6. to transact such other business as may properly come before the meeting and any adjournment or postponement thereof.

The board of directors of the Company (the "**Board**") has fixed Wednesday, November 25, 2020 as the record date for the determination of shareholders entitled to notice of and to vote at the Meeting and at any adjournment or postponement thereof. Each registered shareholder at the close of business on that date is entitled to such notice and to vote at the Meeting in the circumstances set out in the accompanying management information circular (the "**Information Circular**").

The accompanying Information Circular provides additional information and the other matters to be dealt with at the Meeting and is supplemental to, and expressly made a part of, this notice of meeting (the "**Notice of Meeting**").

If you are a registered shareholder of the Company and unable to attend the Meeting in person, please complete, date and sign the accompanying form of proxy and deposit it with the Company's transfer agent, Computershare Investor Services Inc., Proxy Department 8th Floor, 100 University Avenue, Toronto, Ontario M5J 2Y1, by 12:00 p.m. (Toronto time) by Thursday, December 24, 2020 or if the Meeting is adjourned or postponed, not less than 48 hours, excluding Saturdays, Sundays and statutory holidays preceding the time and date of reconvening such adjourned or postponed shareholder meeting.

If you are a non-registered shareholder of the Company and received this Notice of Meeting and accompanying materials through a broker, a financial institution, a participant, a trustee or administrator of a self-administered retirement savings plan, retirement income fund, education savings plan or other similar

self-administered savings or investment plan registered under the *Income Tax Act* (Canada), or a nominee of any of the foregoing that holds your security on your behalf (the "**Intermediary**"), please complete and return the materials in accordance with the instructions provided to you by your Intermediary.

**DATED** this 30th day of November, 2020.

**VAXIL BIO LTD.**

Per: (signed) "Mr. David Goren"  
Mr. David Goren  
Chairman and Chief Executive Officer

## VAXIL BIO LTD.

3 Pinhas Sapir Street, 3rd Floor,  
"Weizmann Science Park",  
74140, Rehovot, Israel

### INFORMATION CIRCULAR

**For the Annual and Special Meeting of shareholders to be held on Wednesday, December 30, 2020.**

**All currency references herein, unless otherwise stated, are expressed in Canadian dollars.**

### SOLICITATION OF PROXIES

**This information circular (the "Information Circular") is provided in connection with the solicitation of proxies by the management of Vaxil Bio Ltd. (the "Company").** The form of proxy (the "Proxy") which accompanies this Information Circular is for use at the Company's annual and special meeting of shareholders to be held at 559 Briar Hill Avenue, Toronto ON M5N 1N1 at 12:00 p.m. (Toronto time) on Wednesday, December 30, 2020 (the "**Meeting**"), for the purpose of conducting certain matters as set out in the accompanying notice of meeting (the "**Notice of Meeting**"). It is expected that the solicitation of proxies will be primarily by mail; however, proxies may also be solicited by the officers, directors and employees of the Company by telephone, electronic mail, facsimile or personally. These persons will receive no compensation for such solicitation other than their regular fees or salaries. The cost of soliciting proxies in connection with the Meeting will be borne directly by the Company.

The contents and the mailing of the Information Circular have been approved by the Company's board of directors (the "**Board**").

### INFORMATION CONTAINED IN THIS INFORMATION CIRCULAR

The information contained in this Information Circular, unless otherwise indicated, is given as of November 30, 2020.

No person is authorized by the Company to give any information (including any representations) in connection with the matters to be considered at the Meeting other than the information contained in this Information Circular. Information contained in this Information Circular should not be construed as legal, tax or financial advice, and shareholders of the Company should consult their own professional advisors if they are in doubt as to how to deal with these materials or the matters they describe.

### GENERAL PROXY MATTERS

#### **Appointment of Proxy**

The persons named in the enclosed Proxy are directors and/or officers of the Company. **Each shareholder has the right to appoint a person or entity, other than the persons designated by management in the Proxy, to represent the shareholder at the Meeting. A shareholder giving a proxy may do so by striking out the names of the management designees printed in the Proxy and by inserting the name of another designated person or entity in the blank space provided. A proxy designee need not be a shareholder of the Company.**

Those shareholders who wish to be represented at the Meeting by proxy must complete and deliver a Proxy to Computershare Investor Services Inc. ("**Computershare**"), Proxy Department, 8th Floor, 100 University Avenue, Toronto, Ontario M5J 2Y1, by 12:00 p.m. (Toronto time) by Thursday, December 24, 2020, or if the Meeting is adjourned or postponed, not less than 48 hours, excluding Saturdays, Sundays and statutory holidays preceding the time and date of reconvening such adjourned or postponed shareholder meeting at which the Proxy is to be used.

### **Revocation of Proxy**

**A Proxy given by a shareholder for use at the Meeting may be revoked at any time prior to its use.** In addition to revocation in any other manner permitted by law, the Proxy may be revoked by:

- (a) signing a proxy with a later date and delivering it at the time and place noted above;
- (b) signing and dating a written notice of revocation and delivering it to Computershare, or by transmitting a revocation by telephonic or electronic means to Computershare, at any time up to and including the last business day preceding the day of the Meeting, or any adjournment or postponement of it, at which the Proxy is to be used, or delivering a written notice of revocation and delivering it to the Chairman of the Meeting on the day of the Meeting or adjournment or postponement thereof; or
- (c) attending the Meeting or any adjournment or postponement thereof and registering with the scrutineer as a shareholder present in person.

### **Voting of Proxies**

The common shares of the Company (the "**Common Shares**") represented by proxy in the enclosed form will be voted or withheld from voting by the designated holder in accordance with the direction of the registered shareholder appointing such person. In the absence of instructions, such Common Shares will be voted in favour of each of the matters referred to in the Notice of Meeting.

The enclosed Proxy, when properly completed and signed, confers discretionary authority upon the persons named therein to vote on any amendments to or variations of the matters identified in the Notice of Meeting and on other matters, if any, which may properly be brought before the Meeting or any adjournment thereof. At the date hereof, management of the Company knows of no such amendments or variations or other matters to be brought before the Meeting. However, if any other matters which are not now known to management of the Company should properly be brought before the Meeting, or any adjournment thereof, the Common Shares represented by such proxy will be voted on such matters in accordance with the judgment of the person named as proxy thereon.

### **Voting by Non-Registered Holders**

Only shareholders whose names have been entered in the Company's register of shareholders as of the close of business on the Record Date (as defined herein) will be entitled to receive notice of, and to vote at, the Meeting. Most shareholders are "**non-registered**" shareholders because the Common Shares they own are not registered in their name but instead registered in the name of an intermediary (an "**Intermediary**" or "**Intermediaries**") with whom the non-registered shareholder deals with in respect of the Common Shares (including, among others, a broker, a financial institution, a participant, a trustee or administrator of a self-administered retirement savings plan, retirement income fund, education savings plan or other similar self-administered savings or investment plan registered under the *Income Tax Act* (Canada), or a nominee of

any of the foregoing that holds such Common Shares on behalf of non-registered shareholders). If you purchased Common Shares through a broker, you are likely a non-registered holder.

Non-registered holders who have not objected to their Intermediary disclosing certain ownership information about themselves to the Company are referred to as "**NOBOs**". Those non-registered holders who have objected to their Intermediary disclosing ownership information about themselves to the Company are referred to as "**OBOs**".

The Company has elected to send the Notice of Meeting, this Information Circular and the Proxy (collectively, the "**Meeting Materials**") indirectly to NOBOs through Intermediaries. The Intermediaries (or their service companies) are responsible for forwarding the Meeting Materials to each NOBO.

Intermediaries are required to forward the Meeting Materials to NOBOs to seek their voting instructions in advance of the Meeting. Common Shares held by Intermediaries can only be voted in accordance with the instructions of the non-registered holder. Intermediaries often have their own form of proxy, mailing procedures and provide their own return instructions. If you wish to vote by proxy, you should carefully follow the instructions from the Intermediary to ensure that your Common Shares are voted at the Meeting. If you, as a non-registered holder, wish to vote at the Meeting in person, you should appoint yourself as proxyholder by writing your name in the space provided on the request for voting instructions or proxy provided by the Intermediary and return the form to the Intermediary in the envelope provided. Do not complete the voting section of the form as your vote will be taken at the Meeting.

Intermediaries are required to forward the Meeting Materials to each OBO unless the OBO has waived the right to receive them. The Company does not intend to pay for Intermediaries to deliver to OBOs the Meeting Materials under National Instrument 54-101 – *Communication with Beneficial Owners of Securities of a Reporting Issuer* ("**NI 54-101**") and Form 54-101F7 – *Request for Voting Instructions Made by an Intermediary*.

The Company is not sending the Meeting Materials to registered shareholders or non-registered shareholders using notice-and-access delivery procedures defined under NI 54-101 and National Instrument 51-102 – *Continuous Disclosure Obligations*.

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

As at the date of this Information Circular, except as described elsewhere in this Information Circular, to the knowledge of the Company's directors and executive officers, there are no material interests, direct or indirect, by way of beneficial ownership of securities or otherwise, of any person who has been a director or executive officer of the Company at any time since the beginning of the Company's last financial year, or of any associate or affiliate of any such persons, in any matter to be acted upon at the Meeting.

## **VOTING SECURITIES AND PRINCIPAL HOLDERS OF VOTING SECURITIES**

### **Description of Share Capital**

The Company is authorized to issue an unlimited number of Common Shares without par value, of which 112,037,640 Common Shares were issued and outstanding as at the close of business on November 25, 2020 representing the only securities with respect to which a voting right may be exercised at the Meeting.

### **Record Date**

The Board of the Company has fixed the close of business on Wednesday, November 25, 2020 as the record date (the "**Record Date**") for the determination of shareholders of the Company entitled to receive notice of, and to vote at, the Meeting and at any adjournment or postponement thereof. Holders of record of Common Shares at the close of business on Wednesday, November 25, 2020 will be entitled to vote at the Meeting and at all adjournments or postponements thereof.

### **Quorum**

The By-laws of the Company provide that a quorum for the transaction of business at the Meeting is two persons who are, or who represent by proxy, shareholders, who, in the aggregate, hold more than 5% of the outstanding shares of the Company entitled to be voted at the Meeting.

### **Ownership of Securities of the Company**

To the knowledge of the Company's directors and executive officers, no person or company beneficially owns, or controls or directs, directly or indirectly, voting securities carrying 10% or more of the voting rights attached to any class of voting securities of the Company.

## **PARTICULARS OF MATTERS TO BE ACTED UPON**

### **Financial Statements**

The Meeting is being held after the end of the Company's 2019 financial year, which ended on December 31, 2019. Therefore, the Company's audited financial statements for the year ended December 31, 2019, together with the auditor's report on those statements and Management Discussion and Analysis, will be presented to the shareholders at the Meeting. The financial statements are also available on SEDAR at [www.sedar.com](http://www.sedar.com).

### **Appointment and Remuneration of Auditors**

Management of the Company intends to reappoint MNP LLP, of 300-111 Richmond Street West, Toronto, Ontario M5H 2G4 as the Company's auditors. MNP LLP were appointed as auditors of the Company effective May 26, 2016

**In absence of instructions to the contrary, the Common Shares represented by the Proxy are to be voted for the reappointment of MNP LLP as the auditor to hold office for the ensuing year at a remuneration to be fixed by the Board.**

### **Fixing the Number of Directors**

Management is seeking Shareholder approval of a resolution fixing the number of directors at four.

The board of directors of the Company (the "**Board**") and Management are recommending that the shareholders vote FOR fixing the number of directors. In order to approve the number of directors, the following ordinary resolutions must be approved by a majority of the votes cast by shareholders present in person or represented by proxy at the Meeting. The complete text of the resolutions which Management intends to place before the Meeting for approval, with or without modification, are as follows:

"IT IS HEREBY RESOLVED, THAT:

- (1) the number of directors be fixed at four; and
- (2) any director or officer of the Company is hereby authorized for, on behalf of, and in the name of the Company to do and perform or cause to be done or performed all such things, to take or cause to be taken all such actions, to execute and deliver or cause to be executed and delivered all such agreements, documents and instruments, contemplated by, necessary or desirable in connection with increasing the number of directors and the foregoing resolution, as may be required from time to time and contemplated and required in connection therewith, or as such director or officer in his or her discretion may consider necessary, advisable or appropriate in order to give effect to the intent and purposes of the foregoing resolution, and the doing of such things, the taking of such actions and the execution of such agreements, documents and instruments shall be conclusive evidence that the same have been authorized and approved hereby.”

**COMMON SHARES REPRESENTED BY PROXIES IN FAVOUR OF MANAGEMENT WILL BE VOTED IN FAVOUR OF FIXING THE NUMBER OF DIRECTORS AT FOUR, UNLESS THE SHAREHOLDER HAS SPECIFIED IN THE PROXY THAT HIS, HER OR ITS OWN SHARES ARE TO BE WITHHELD FROM VOTING IN RESPECT THEREOF.**

### **Election of Directors**

At the Meeting, the following four persons named hereunder will be proposed for election as directors of the Company. Management does not contemplate that any of the nominees will be unable to serve as a director, but if that should occur for any reason prior to the Meeting, it is intended that discretionary authority shall be exercised by the persons named in the Proxy to vote the proxy for the election of any other person or persons in place of any nominee or nominees unable to serve.

Each director elected will hold office until the close of the next annual meeting of shareholders, or until his successor is duly elected unless prior thereto he resigns or his office becomes vacant by reason of death or other cause. Shareholders have the option to (i) vote for all of the directors of the Company listed in the table below; (ii) vote for some of the directors and withhold for others; or (iii) withhold for all of the directors. **Unless the shareholder has specifically instructed in the Proxy that the Common Shares represented by such proxy are to be withheld or voted otherwise, the persons named in the Proxy will vote FOR the election of each of the proposed nominees set forth below as directors of the Company.**

### **Director Nominees**

The following table sets out the names of the nominees for election as directors, the positions and offices which they presently hold, the length of time they have served as directors, their respective principal occupations or employments during the past five years and the number of Common Shares which each beneficially owns, directly or indirectly, or over which control or direction is exercised as of the date of this Information Circular:

Name, province or state and country of residence and positions, current and former, if any, held	Principal occupation during the past five years <sup>(1)</sup>	Director Since	Number of Common Shares beneficially owned or controlled, directly or indirectly <sup>(2)(6)</sup>
<i>Mr. Gadi Levin</i> Israel <i>Director</i>	Director and CFO, Vaxil Bio Ltd.; CFO, BriaCell Therapeutics Corp.	October 20, 2016	657,200 (0.59%)

<b>Dr. Ari Kellen</b> <sup>(3)(4)(5)</sup> Teaneck, New Jersey, USA Director	Strategic advisor, investor and board member EVP, Bausch & Lomb	December 5, 2017	5,542,183 (4.95%)
<b>Dr. Shawn Langer</b> <sup>(3)(4)(5)</sup> Teaneck, New Jersey, USA Director	Private Equity Portfolio Manager, BMHS Investments	December 5, 2017	4,985,000 (4.45%)
<b>Mr. David Goren</b> <sup>(5)</sup> Israel	Vaxil CEO, consultant and VP digital strategy for AstraZeneca	September 4, 2018	466,543 (0.00%)
<b>TOTAL:</b>			11,650,926 10.4%

**Notes:**

- (1) The information as to principal occupation, business or employment is not within the knowledge of the Company and has been furnished by the respective nominees.
- (2) The information as to the number of securities beneficially owned or over which control or direction is exercised has been obtained by the Company from publicly disclosed information and/or has been furnished by the respective nominees.
- (3) Member of the Audit Committee.
- (4) Member of the Compensation Committee.
- (5) Member of the Nomination Committee.
- (6) The percentage of voting rights calculations stated above is based on 112,037,640 Common Shares outstanding as at November 25, 2020.

No proposed director is being elected under any arrangement or understanding between the proposed director and any other person or company.

***Corporate Cease Trade Orders or Bankruptcies***

Except as described below, no proposed director is, or within the ten years prior to the date of this Information Circular has been, a director, Chief Executive Officer ("CEO") or Chief Financial Officer ("CFO") of any company, including the Company, that:

- (a) was subject to an order that was issued while the proposed director was acting in the capacity as director, CEO or CFO;
- (b) was subject to an order 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; or
- (c) 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.

***Individual Bankruptcies***

None of the proposed directors of the Company have, within the ten years prior to the date of this Information Circular, become bankrupt or made a proposal under any legislation relating to bankruptcy or insolvency, or been 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 that individual.

### ***Penalties or Sanctions***

None of the proposed directors of the Company 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 security holder in deciding whether to vote for a proposed director.

### **Stock Option Plan**

Shareholders first approved the rolling stock option plan (the "**Stock Option Plan**") at the Company's Annual General Meeting of November 28, 2014. TSX Venture Exchange approval was initially received February 19, 2015. Pursuant to the policies of the TSX Venture Exchange (the "**TSXV**"), the Company is required to obtain shareholder approval of the Stock Option Plan each year because the Stock Option Plan is a rolling-maximum option plan whereby the maximum number of Common Shares that may be reserved for issuance and which can be purchased upon the exercise of all options granted under the Stock Option Plan is fixed at 10% of the outstanding Common Shares from time to time. The Company approved the Stock Option Plan at the Company's last annual and special meeting, on October 2, 2019.

A copy of the Stock Option Plan, effective February 20, 2015, is attached hereto as Schedule "A". Set forth below is a summary of the Stock Option Plan. The following summary is qualified in all respects by the provisions of the Stock Option Plan. Reference should be made to the Stock Option Plan for the complete provisions thereof.

### ***Summary of the Stock Option Plan***

The purpose of the Stock Option Plan is to allow the Company to provide an incentive to directors, employees and consultants of the Company or any affiliate of the Company or any Management Company Employee, as defined in the Stock Option Plan, (collectively, "**Eligible Persons**") to acquire an equity interest in the Company, to continue their participation in the affairs of the Company and to increase their efforts on behalf of the Company. The Stock Option Plan is effective until February 19, 2025 (or until such earlier date as the Board may determine).

Pursuant to the Stock Option Plan, the Board may from time to time authorize the issue of options to Eligible Persons (once an option is granted, "**Optionees**"). Options will be exercisable over periods of up to ten (10) years, as determined by the Board, and are required to have an exercise price no less than the closing market price of the Company's Common Shares prevailing on the market trading day immediately prior to the date of grant less a discount of up to 25% the amount of the discount varying with market price in accordance with the policies of the TSXV. All rights to exercise options shall terminate upon the earliest of:

- the expiration date of the option;
- the date on which the Optionee ceases to be an Eligible Person by reason of termination for cause (or termination for any reason in the case of a Management Company Employee);
- any date determined by the Board, acting reasonably, within a maximum of twelve (12) months from the date the Optionee ceases to be an Eligible Person by reason of termination of the Eligible Person as an employee or consultant of the Company other than for cause; or

- if any option is exercisable by the heirs or administrators of an Optionee who ceases to be an Eligible Person by reason of the Eligible Person's death, the first anniversary of the date of death of the Eligible Person.

The aggregate number of Common Shares reserved for issuance under the Stock Option Plan and under any other share compensation arrangement granted or made available by the Company from time to time may not exceed, in aggregate, 10% of the Company's Common Shares issued and outstanding at the time of grant. In addition, for as long as the Common Shares of the Company are listed on the TSXV, the Stock Option Plan will be subject to the following requirements (among others):

- options to acquire more than 2% of the issued Common Shares of the Company may not be granted to any one consultant in any twelve (12) month period;
- options to acquire more than 2% of the issued Common Shares of the Company may not be granted to any or all persons conducting Investor Relations Activities (as defined in the Stock Option Plan) in any twelve (12) month period;
- options issued to consultants conducting Investor Relations Activities must vest in stages over twelve (12) months with no more than one-quarter ( $\frac{1}{4}$ ) of the options vesting in any three (3) month period;
- the approval of a majority of shareholders voting at a meeting of shareholders who are not Insiders (as defined in the Stock Option Plan) of the Company that qualify as Eligible Persons under the Stock Option Plan and associates of such Insiders or holders of non-voting and subordinate voting shares of the Company shall be obtained:
  - if Common Shares reserved for issuance upon the exercise of options granted to Insiders pursuant to the Stock Option Plan and any previously established and outstanding stock option plans or grants of the Company, exceed 10% of the issued Common Shares of the Company at the time of such the grant;
  - if options are granted to any one Optionee to acquire more than 5% of the issued and outstanding Common Shares of the Company at the time of such the grant in any twelve (12) month period;
  - if options are granted to Insiders to acquire more than 10% of the issued and outstanding Common Shares of the Company at the time of such the grant in any twelve (12) month period;
  - any decrease of the option price of options granted to Insiders pursuant to the Stock Option Plan or any previously established and outstanding stock option plans or grants of the Company.

### **Re-approval of Stock Option Plan**

At the Meeting, shareholders of the Company will be asked to consider, and if thought fit, to pass, with or without variation the following ordinary resolution (the "**Option Plan Resolution**") confirming and approving the Stock Option Plan:

***"BE IT RESOLVED BY ORDINARY RESOLUTION THAT:** the Company's Stock Option Plan be and is hereby confirmed and approved as the Stock Option Plan of the Company until the next annual and special meeting of the Company."*

The Board is of the view that the Stock Option Plan provides the Company with the flexibility to attract and maintain the services of executives, employees and other services providers in competition with other companies in the industry. Stock options issued under the Stock Option Plan help align the interests of the Company's directors, officers, employees and consultants with the long-term interests of the Company's shareholders while allowing the Company to reduce the cash component of its compensation programs and thus preserve capital.

In order to be passed, the Option Plan Resolution requires the approval of a majority of the votes cast thereon by shareholders of the Company present in person or represented by proxy at the Meeting. The Board unanimously recommends that shareholders vote in favour of the Option Plan Resolution. **Unless otherwise directed, the persons named in the accompanying Proxy intend to vote FOR the Option Plan Resolution.**

### **General Matters**

As of the date of this Information Circular, the Board and management of the Company are not aware of any other matters to come before the Meeting other than those set forth above and in the Notice of Meeting. **However, if any other matters do arise, the person named in the Proxy shall vote, on any poll, in accordance with his or her best judgment, exercising discretionary authority with respect to amendments or variations of matters set forth in the Notice of Meeting and other matters which may properly come before the Meeting or any adjournment or postponement of the Meeting.**

### **STATEMENT OF EXECUTIVE COMPENSATION**

The purpose of this section is to describe the compensation of certain named executive officers of the Company and the directors of the Company for the most recently completed financial year of the Company in accordance with Form 51-102F6V – *Statement of Executive Compensation – Venture Issuers*.

#### **Director and Named Executive Officer Compensation**

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

- (a) each individual who, in respect of the Company, during any part of the most recently completed financial year, served as CEO, including an individual performing functions similar to a CEO;
- (b) each individual who, in respect of the Company, during any part of the most recently completed financial year, served as CFO, including an individual performing functions similar to a CFO;
- (c) in respect of the Company and its subsidiaries, the most highly compensated executive officer other than the individuals identified in paragraphs (a) and (b) at the end of the most recently completed financial year whose total compensation was more than \$150,000, excluding value of all other compensation, for that financial year;
- (d) each individual who would be a named executive officer under paragraph (c) but for the fact that the individual was not an executive officer of the Company, and was not acting in a similar capacity, at the end of that financial year.

David Goren, the CEO, Isaac Maresky, the former CEO and former director and Gadi Levin, the CFO, are the only NEOs of the Company.

The following table provides a summary of compensation paid, directly or indirectly, for each of the two most recently completed financial years to the directors, and to the following NEOs:

Table of compensation excluding compensation securities							
Name and position	Year	Salary, consulting fee, retainer or commission (\$)	Bonus (\$)	Committee or meeting fees (\$)	Value of perquisites (\$)	Value of all other compensation (\$)	Total compensation (\$)
<b>Isaac Maresky</b> <sup>(1)</sup> <i>Former CEO and former Director</i>	2019	Nil	Nil	Nil	Nil	Nil	Nil
	2018	155,000	Nil	Nil	Nil	Nil	155,000
<b>Gadi Levin</b> <i>CFO, Director</i>	2019	60,000	Nil	Nil	Nil	Nil	60,000
	2018	59,000	Nil	Nil	Nil	Nil	59,000
<b>Dr. Ari Kellen</b> <sup>(2)</sup> <i>Director</i>	2019	Nil	Nil	Nil	Nil	Nil	Nil
	2018	Nil	Nil	Nil	Nil	Nil	Nil
<b>Dr. Shawn Langer</b> <sup>(3)</sup> <i>Director</i>	2019	Nil	Nil	Nil	Nil	Nil	Nil
	2018	Nil	Nil	Nil	Nil	Nil	Nil
<b>David Goren</b> <sup>(4)</sup> <i>CEO, Director</i>	2019	100,000	Nil	Nil	Nil	142,000	242,000
	2018	33,000	Nil	Nil	Nil	95,000	128,000

**Notes:**

- (1) On December 5, 2017, Isaac Maresky was appointed as the CEO of the Company and served in such role from December 5, 2017 to September 4, 2018. Mr. Maresky ceased to be a director on November 4, 2019.
- (2) On December 5, 2017, Dr. Ari Kellen was appointed as a director of the Company.
- (3) On December 5, 2017, Dr. Shawn Langer was appointed as a director of the Company.
- (4) On September 4, 2018, Dr. David Goren was appointed as a director of the Company.
- (5) On March 1, 2018, Dr. Saeid Babaei resigned from the Company as a Director.

**Stock Options and Other Compensation Securities**

The Company's Stock Option Plan was previously approved by the shareholders at the Company's annual and special meeting on October 2, 2019. Please see Schedule "A" for a copy of the Stock Option Plan.

**Compensation Securities**

The following table provides a summary of all compensation securities granted or issued to each director and Named Executive Officer by the Company or one of its subsidiaries during the financial year ended December 31, 2019 for services provided or to be provided, directly or indirectly, to the Company or any of its subsidiaries:

Compensation Securities <sup>(1)(2)</sup>							
Name and position	Type of compensation security	Number of compensation securities, number of underlying securities, and percentage of class	Date of issue or grant	Issue, conversion or exercise price (\$)	Closing price of security or underlying security on date of grant (\$)	Closing price of security or underlying security at year end (\$)	Expiry date
<b>Isaac Maresky</b> <i>Former CEO and former Director</i>	Nil	Nil	Nil	Nil	Nil	Nil	Nil
<b>Mr. David Goren</b> <i>Chairman of the Board and CEO</i>	Stock Options	4,446,472	September 4, 2018	\$0.09	\$0.09	\$0.04	September 3, 2023
<b>Gadi Levin</b> <i>CFO, Director</i>	Nil	Nil	Nil	Nil	Nil	Nil	Nil
<b>Dr. Ari Kellen</b> <i>Director</i>	Nil	Nil	Nil	Nil	Nil	Nil	Nil
<b>Dr. Shawn Langer</b> <i>Director</i>	Nil	Nil	Nil	Nil	Nil	Nil	Nil

**Notes:**

- (1) Options granted to non-consultants pursuant to the Stock Option Plan are exercisable for a period to be determined in each instance by the Board, not exceeding ten years from the date of grant.
- (2) Except as permitted by applicable securities laws and the policies of the TSXV, and as provided otherwise in the Stock Option Plan under the heading "**Permitted Assigns**", all options granted to Optionees are non-assignable and non-transferable.

***Exercise of Stock Options and Other Compensation Securities***

During the most recently completed financial year, no director or NEO exercised compensation securities.

**External Management Companies**

Except as otherwise disclosed, the Company has not been provided with consulting services by external management companies during the financial year ended December 31, 2019.

**Employment Agreements**

***Mr. David Goren***

The Company, through the Company's Israeli subsidiary, has entered into an employment agreement with Mr. David Goren (the "**Goren Agreement**") which became effective on September 4, 2018. Mr. Goren was appointed CEO and director of the Company for an indefinite term. Pursuant to the Goren Agreement, Mr. Goren receives a monthly salary and related employee benefits of \$8,500 per month. The Company may terminate the Goren Agreement for just cause, or without cause on notice and upon payment of three (3) monthly salaries. Mr. Goren may terminate the Goren Agreement on ninety (90) days' written notice.

***Mr. Gadi Levin***

On March 1, 2016, the Company entered into a consulting agreement with Mr. Gadi Levin, which was revised as of January 31, 2017 (the "**Levin Agreement**"). Under the Levin Agreement, Mr. Gadi Levin agreed to serve as the CFO of the Company for a one (1) year term, renewable upon written agreement. Pursuant to the Levin Agreement, Mr. Gadi Levin receives a fee of \$3,500 per month through to April 30, 2018 and \$5,000 per month thereafter. Either party may terminate the Levin Agreement for reason of default on fifteen (15) days' written notice (unless the default is cured within that period), or without cause on thirty (30) days' notice. Upon termination, Mr. Gadi Levin is entitled to payment for work performed and accepted.

**Oversight and Description of Director and NEO Compensation**

***Compensation of Directors***

The Company provides a modest cash retainer to its non-executive directors. Executive directors do not receive any cash compensation in their capacity as directors. Long term incentives (stock options) are granted from time to time, based on an existing complement of long term incentives, corporate performance and to be competitive with other companies of similar size and scope.

***Compensation of Named Executive Officers***

The Company's Compensation Committee (as defined herein) is responsible for, among other things, evaluating the performance of the Company's executive officers, determining or making recommendations to the Board with respect to the compensation of the Company's executive officers, making recommendations to the Board with respect to director compensation, incentive compensation plans and equity-based plans, making recommendations to the Board with respect to the compensation policy for the employees of the Company and ensuring that the Company is in compliance with all legal requirements with respect to compensation disclosure. In performing its duties, the Compensation Committee has the authority to engage such advisors, including executive compensation consultants, as it considers necessary.

***Philosophy and Objectives***

The compensation program for senior management of the Company is designed to ensure that the level and form of compensation achieves certain objectives, including:

- (a) attracting and retaining talented, highly-qualified executives;
- (b) motivating the short and long term performances of executives; and
- (c) creating a corporate environment which aligns their interests with those of the shareholders.

The compensation program is designed to provide competitive levels of compensation. The Company recognizes the need to provide a total compensation package that will attract and retain qualified and experienced executives as well as align the compensation level of each executive to that executive's level of responsibility. In general, the Company's NEOs may receive compensation that is comprised of three components: (a) a base salary; (b) bonus compensation; and (c) equity participation through the Company's Stock Option Plan or all such forms of compensation.

#### Base Salary

In the view of Company, paying base salaries which are competitive in the markets in which the Company operates is a first step to attracting and retaining talented, qualified and effective executives. Competitive salary information on companies earning comparative revenues in a similar industry is compiled from a variety of sources, including surveys conducted by independent consultants and national and international publications.

#### Bonus Compensation

The Company's primary objective is to achieve certain strategic objectives and milestones. The Company may approve executive bonus compensation dependent upon the Company meeting those strategic objectives and milestones and sufficient cash resources being available for the granting of bonuses. Bonuses paid to the NEOs are allocated on an individual basis. Bonuses are paid to reward work done above the base level of expectations set by the base salary, wages or contractor payments. There were no bonuses paid to any of the NEOs during the most recently completed financial year.

#### Equity Participation through Stock Option Plan

The Company has, as a part of its long-term incentive, adopted a Stock Option Plan. The Stock Option Plan is designed to encourage share ownership and entrepreneurship on the part of the senior management and other employees. The Compensation Committee believes that the Stock Option Plan aligns the interests of the NEOs with shareholders by linking a component of executive compensation to the longer term performance of the Company's Common Shares.

In monitoring or adjusting the option allotments, the Compensation Committee takes into account the level of options granted for similar levels of responsibility and considers each NEO or employee based on reports received from management, its own observations on individual performance (where possible) and its assessment of individual contribution to shareholder value, previous options grants and the objectives set for the NEOs. The scale of options will generally be commensurate to the appropriate level of base compensation for each level of responsibility.

In addition to determining the number of options to be granted pursuant to the methodology outlined above, the Compensation Committee also makes the following determinations:

- the NEOs and others who are entitled to participate in the Stock Option Plan;
- the exercise price for each stock option granted, subject to the provision that the exercise price cannot be lower than the market price on the date of grant;
- the date on which each option is granted;
- the vesting period, if any, for each stock option; and

- the other material terms and conditions of each stock option grant.

Stock option grants are designed to reward the NEOs for success on a similar basis as the shareholders of the Company, although the level of reward provided by a particular stock option grant is dependent upon the volatility of the stock market.

The Company believes that encouraging its executives and employees to become shareholders is the best way of aligning their interests with those of its shareholders. Equity participation is accomplished through Stock Option Plan. Stock options are granted to senior executives taking into account a number of factors, including the amount and term of options previously granted, base salary and bonuses and competitive factors. Options are generally granted to senior executives which vest immediately.

All of the NEOs are entitled to participate in the Stock Option Plan.

**This Oversight and Description of Director and NEO Compensation was completed by the Company's Compensation Committee.**

### ***Pension Plan Benefits***

The Company does not have a pension plan in place and therefore there were no pension plan benefit awards made to a director or NEO during the financial year ended December 31, 2019.

### **SECURITIES AUTHORIZED FOR ISSUANCE UNDER EQUITY COMPENSATION PLANS**

The following table sets forth certain information pertaining to the Company's equity compensation plan as at the end of the Company's financial year on December 31, 2019:

<b>Plan category</b>	<b>Number of securities to be issued upon exercise of outstanding stock options</b>	<b>Weighted-average exercise price of outstanding stock options</b>	<b>Number of securities remaining available for future issuance under equity compensation plans (excluding securities to be issued upon exercise of outstanding options, warrants and rights)</b>
Equity compensation plans approved by securityholders	5,422,684	0.10	3,470,261 <sup>(1)</sup>
Equity compensation plans not approved by securityholders	N/A	N/A	N/A

**Note:**

- (1) Based on a total of 3,470,261 options issuable pursuant to the Stock Option Plan, representing 10% of the Company's issued and outstanding share capital of 88,929,447 Common Shares as at December 31, 2019.

### **INDEBTEDNESS OF DIRECTORS AND EXECUTIVE OFFICERS**

No current or former director or executive officer or their respective associates or affiliates, are or have been indebted to the Company or any of its subsidiaries at any time during the last financial year of the Company and no current or former director or executive officer or their respective associates are or have been indebted to an entity at any time during the last financial year of the Company that has been the subject of a guarantee, support agreement, letter of credit or other similar arrangement provided by the Company or any of its subsidiaries.

## INTEREST OF INFORMED PERSON IN MATERIAL TRANSACTIONS

As at the date of this Information Circular, except as otherwise disclosed in this Information Circular, to the knowledge of the Board or the management of the Company, there are no material interests, whether direct or indirect, of any informed person of the Company, any proposed director of the Company, or any associate or affiliate of any informed person or proposed director, in any transaction since the commencement of the Company's most recently completed financial year or in any proposed transaction which has materially affected or would materially affect the Company or any of its subsidiaries.

## APPOINTMENT OF AUDITOR

Management of the Company intends to nominate MNP LLP, of 300-111 Richmond Street West, Toronto, Ontario M5H 2G4, which has been the auditor of the Company since May 26, 2016 to be reappointed as the Company's auditor.

**Forms of proxies given pursuant to this solicitation will, on any poll, be voted as directed and, if there is no direction, FOR the appointment of MNP LLP, as the Company's auditor to hold office for the ensuing year at a remuneration to be fixed by the Board.**

## MANAGEMENT CONTRACTS

The Company's management functions are not, to any substantial degree, performed by a person or persons other than the directors or executive officers of the Company.

## CORPORATE GOVERNANCE DISCLOSURE

The Board believes that good corporate governance improves corporate performance and benefits all shareholders. National Policy 58-201 – *Corporate Governance Guidelines* provides non-prescriptive guidelines on corporate governance practices for reporting issuers such as the Company. In addition, National Instrument 58-101 – *Disclosure of Corporate Governance Practices* ("NI 58-101") prescribes certain disclosure by the Company of its corporate governance practices. This disclosure is presented below.

### **The Board**

The Board facilitates its exercise of independent supervision over the Company's management through regular meetings of the Board.

The Board will, assuming the election of management's nominees for appointment to the Board as described in this Information Circular, be comprised of four directors, two of whom are independent for the purposes of NI 58-101.

The Board is currently comprised of four directors: Mr. David Goren, , Mr. Gadi Levin, Dr. Ari Kellen, and Dr. Shawn Langer. The independent directors of the Company are Dr. Ari Kellen and Dr. Shawn Langer. Mr. David Goren is also the Chairman of the Board.

The Board annually reviews and makes a determination as to the independence of each director in light of all applicable laws, rules, regulations and stock exchange requirements.

## Directorships

As of the date hereof, none of the directors of the Company serves on the board of any other reporting issuers, other than as set out below.

Name	Name of reporting issuer	Name of exchange or market	Position	Term
Mr. David Goren	N/A	N/A	N/A	N/A
Mr. Gadi Levin	Eco (Atlantic) Oil & Gas Ltd. RG One Corp. Cyntar Ventures Inc	TSXV N/A CSE	Director CFO and Director CEO and Director	November 25, 2014 to Present November 15, 2016 to Present April 15, 2020
Dr. Ari Kellen	N/A	N/A	N/A	N/A
Dr. Shawn Langer	N/A	N/A	N/A	N/A

The Board of the Company has three committees: the audit committee (the "**Audit Committee**"), the compensation committee (the "**Compensation Committee**") and the nomination committee (the "**Nomination Committee**").

Committee	Member
Compensation	Dr. Ari Kellen
	Dr. Shawn Langer
Nomination	Dr. Ari Kellen
	Dr. Shawn Langer
	Mr. Gadi Levin
Audit	Dr. Ari Kellen
	Dr. Shawn Langer

It is expected that existing directors that are re-elected will remain sitting members of the applicable committees.

## Orientation and Continuing Education

New Board members receive an orientation package which includes reports on operations and results, and public disclosure filings by the Company. Board meetings are sometimes held at the Company's offices and, from time to time, are combined with presentations by the Company's management to give the directors additional insight into the Company's business. In addition, management of the Company makes itself available for discussion with all Board members.

Members of the Board are also encouraged to communicate with management, auditors and technical consultants, to keep themselves current with industry trends and developments and changes in legislation with management's assistance and to attend related industry seminars and visit the Company's offices. Board members have full access to records.

## **Ethical Business Conduct**

As at the date of this Information Circular, the Board has not adopted a formal written Code of Business Conduct and Ethics. However, the small size of the Board and number of officers and employees allows the Board to monitor on an ongoing basis the activities of management and to ensure that the highest standard of ethical conduct is maintained. The Board views good corporate governance as an integral component to its success and to meet its responsibilities to shareholders. As the Company grows in size and scope, the Board anticipates that it will formulate and implement a formal Code of Business Conduct and Ethics.

## **Compensation Committee**

The Compensation Committee is appointed by the Board to assist in promoting a culture of integrity throughout the Company, to assist the Board in setting director and senior executive compensation, and to develop and submit to the Board recommendations with respect to other employee benefits as the Compensation Committee sees fit. In the performance of its duties, the Compensation Committee is guided by the following principles:

- offering competitive compensation to attract, retain and motivate highly qualified executives in order for the Company to meet its goals; and
- acting in the interests of the Company and the shareholders by being fiscally responsible.

The Board relies on the knowledge and experience of the members of the Compensation Committee to set appropriate levels of compensation for senior officers. Neither the Company nor the Compensation Committee currently has, or has had at any time since incorporation, any contractual arrangement with any executive compensation consultant who has a role in determining or recommending the amount or form of senior officer compensation.

When determining compensation payable, the Compensation Committee considers both external and internal data. External data includes general markets conditions as well as information regarding compensation paid to directors, CEOs and CFOs of companies of similar size and at a similar stage of development in the industry. Internal data includes annual reviews of the performance of the directors, CEO and CFO in light of the Company's corporate objectives and considers other factors that may have impacted the Company's success in achieving its objectives.

The Compensation Committee is currently comprised of the following directors of the Company: Dr. Ari Kellen (Chair) and Dr. Shawn Langer.

## **Nomination Committee**

The Company's Nomination Committee considers the Board's size each year when it considers the number of directors to recommend to the shareholders for election at the annual meeting of shareholders. Further, the Nomination Committee assumes responsibility for assessing current members and nominating new members to the Board and ensuring that all Board members are informed of and are aware of their duties and responsibilities as directors.

The Nomination Committee is currently comprised of the following directors of the Company: Dr. Ari Kellen (Chair), Dr. Shawn Langer and Mr. David Goren.

## Assessments

No formal policy has been established to monitor the effectiveness of the directors, the Board and its committees.

## AUDIT COMMITTEE

Under National Instrument 52-110 – *Audit Committees* ("NI 52-110"), the Company is required to provide disclosure with respect to its Audit Committee including the text of the Audit Committee's Charter, Composition of the Audit Committee, and the fees paid to the external auditor. The Board adopted an Audit Committee Charter on November 25, 2014. The Company provides the following disclosure with respect to its Audit Committee:

### Audit Committee Charter

The text of the Company's Audit Committee Charter is attached to this Information Circular as Schedule "B".

### Composition of Audit Committee

The following are the members of the Audit Committee:

Name	Whether Independent <sup>(1)</sup>	Whether Financially Literate <sup>(2)</sup>
Dr. Ari Kellen <sup>(3)</sup>	Independent	Financially Literate
Dr. Shawn Langer	Independent	Financially Literate

#### Notes:

- (1) A member of an audit committee is independent if the member has no direct or indirect material relationship with the Company, which could, in the view of the Board, reasonably interfere with the exercise of a member's independent judgment.
- (2) An individual is financially literate if he has the ability to read and understand a set of financial statements that present a breadth of complexity of accounting issues that are generally comparable to the breadth and complexity of the issues that can reasonably be expected to be raised by the Company's financial statements.
- (3) Chair of the Audit Committee.

### Relevant Education and Experience

The education and experience of each Audit Committee member is disclosed below.

**Dr. Ari Kellen** is a seasoned senior executive with over three decades of healthcare industry experience, both in management consulting and in major global P&L operational roles. Dr. Kellen trained and worked as a physician in South Africa while also running a large segment of a 1,000 bed teaching hospital. After being recruited by McKinsey & Company, he spent 23 years serving healthcare clients around the world. Dr. Kellen served for more than a decade as a Senior Partner at McKinsey, advising CEOs and Board members across biotechnology, medical device, payor and provider organizations, and includes work focused on M&A, business development, spin-outs, corporate and business unit level turnarounds, R&D portfolio strategy, and product / therapeutic area growth strategies. In 2014, Dr. Kellen was recruited to Bausch + Lomb / Valeant where he ran a multi-billion dollar P&L across the US and Latin America. As EVP and General Manager of US Bausch + Lomb, he successfully launched and commercialized new products in Pharmaceuticals, Surgical, and Vision Care / Contact Lenses. Dr. Kellen was also responsible for leading the United States R&D organization to advance more than 100 active R&D projects across Dermatology, Ophthalmology, Gastroenterology, Oncology and Consumer Products. For the past ~3 years, he has been a strategic advisor to, and investor in, innovative health care companies. Dr. Kellen received

his Bachelor of Medicine, Bachelor of Surgery (MBBCh.), and his Masters of Business Administration (MBA) from the University of Witwatersrand in South Africa.

**Dr. Shawn Langer** brings over two decades of healthcare industry experience. Dr. Langer was Senior Partner at McKinsey & Company, where he was the leader of its Healthcare Private Equity Group. During his 15 years with McKinsey & Company, Dr. Langer served healthcare clients across pharmaceuticals, biotechnology, medical devices, and healthcare services. Most recently Dr. Langer has spent nearly 5 years investing in innovative healthcare companies in his capacity as a portfolio manager at healthcare private equity investment firm BMHS Investments. Dr. Shawn Langer received his Medical Doctorate (MD) from the University of Toronto.

### **Audit Committee Oversight**

At no time since the commencement of the Company's financial year ended December 31, 2019 was a recommendation of the Audit Committee to nominate or compensate an external auditor not adopted by the Board.

### **Reliance on Certain Exemptions**

At no time since the commencement of the Company's financial year ended December 31, 2019 has the Company relied on the exemption in Section 2.4 of NI 52-110 – De Minimis Non-audit Services, or an exemption from NI 52-110, in whole or in part, granted under Part 8 of National Instrument 52-110.

### **Pre-Approval Policies and Procedures**

The Audit Committee is authorized by the Board to review the performance of the Company's external auditors and approve in advance provision of services other than auditing and to consider the independence of the external auditors, including a review of the range of services provided in the context of all consulting services bought by the Company. The Audit Committee is authorized to approve in writing any non-audit services or additional work which the Chair of the Audit Committee deems is necessary, and the Chair of the Audit Committee will notify the other members of the Audit Committee of such non-audit or additional work and the reasons for such non-audit work for the Audit Committee's consideration and, if thought fit, approval in writing.

## External Audit Service Fees

The following table sets forth the fees paid to MNP LLP by the Company during the last two financial years ended December 31, 2019:

	December 31, 2019	Year ended December 31, 2018
Audit Fees <sup>(1)</sup>	34,500	42,500
Audit-Related Fees	Nil	Nil
Tax Fees <sup>(2)</sup>	4,100	3,750
All Other Fees <sup>(3)</sup>	2,702	3,132
<b>Total:</b>	<b>41,302</b>	<b>49,382</b>

### Notes:

- (1) Aggregate fees billed by the auditor (or accrued) for assurance and related services that are reasonably related to the performance of the audit or review of the Company's financial statements.
- (2) Aggregate fees billed by the auditor (or accrued) for professional services rendered for tax compliance, tax advice and tax planning.
- (3) Aggregate fees billed by the auditor (or accrued) and not included above.

## Exemption

The Company is a "**venture issuer**" as defined in NI 52-110 and as such, is exempt from the requirements of Part 3 – *Composition of the Audit Committee* and Part 5 – *Reporting Obligations* of NI 52-110.

## ADDITIONAL INFORMATION

Additional information relating to the Company can be found on SEDAR at [www.sedar.com](http://www.sedar.com) under the Company's issuer profile. Additional financial information is provided in the Company's comparative financial statements and Management Discussion & Analysis for the financial year ended December 31, 2019. A copy of this document and other public documents of the Company are available upon request to the Mr. David Goren ([david@vxlbio.com](mailto:david@vxlbio.com)) or at 3 Pinhas Sapir Street, 3rd Floor, "Weizmann Science Park", 74140, Rehovot, Israel.

## BOARD APPROVAL

The contents and mailing of this Information Circular have been approved by the Board.

**DATED** this November 30, 2020.

**ON BEHALF OF THE BOARD OF  
VAXIL BIO LTD.**

Per: (signed) "Mr. David Goren"  
Mr. David Goren  
*Chairman of the Board*

## SCHEDULE "A"

### STOCK OPTION INCENTIVE PLAN VAXIL BIO LTD.

#### 1. PURPOSE

The purpose of this Stock Option Incentive Plan is to provide an incentive to Eligible Persons and/or their Permitted Assigns to acquire an equity interest in the Company, to continue their participation in the affairs of the Company and to increase their efforts on behalf of the Company.

#### 2. DEFINITIONS

In this Plan, the following words have the following meanings:

- (a) "**Associate**" has the meaning ascribed thereto by the policies of the TSX Venture Exchange;
- (b) "**Board**" means the Board of Directors of the Company;
- (c) "**Common Shares**" means the common shares of the Company;
- (d) "**Company**" means Vaxil Bio Ltd. and any successor thereto;
- (e) "**Consultant**" has the meaning ascribed thereto by the policies of the TSX Venture Exchange;
- (f) "**Consultant Company**" has the meaning ascribed thereto by the policies of the TSX Venture Exchange;
- (g) "**Director**" has the meaning ascribed thereto by the policies of the TSX Venture Exchange;
- (h) "**Discounted Market Price**" means the Market Price of the Common Shares, less any discount permitted by an Exchange;
- (i) "**Disinterested Shareholder Approval**" means the approval by a majority of votes at a meeting of the shareholders of the Company cast on the resolution by shareholders of the Company (or, if acceptable under applicable securities regulation or law of any applicable governmental or regulatory body (including the applicable policies of an Exchange) by the written consent of a majority of such shareholders) who are not Insiders of the Company that qualify as Eligible Persons under the Plan and Associates of such Insiders and, for so long as the Common Shares are listed on the TSX Venture Exchange, includes holders of non-voting and subordinate voting shares of the Company;
- (j) "**Effective Date**" means the day following the date upon the last of the initial approvals set out in Section 13 of this Plan;
- (k) "**Eligible Person**" means any Director, Employee, or Consultant of the Company or any affiliate of the Company or any Management Company Employee;
- (l) "**Employee**" has the meaning ascribed thereto by the policies of the TSX Venture Exchange;

- (m) **"Exchange"** means the TSX Venture Exchange and/or any other stock exchange or stock quotation system on which the Common Shares are listed for trading or otherwise quoted;
- (n) **"Insider"** has the meaning ascribed thereto by the policies of the TSX Venture Exchange;
- (o) **"Investor Relations Activities"** has the meaning ascribed thereto by the policies of the TSX Venture Exchange;
- (p) **"Management Company Employee"** has the meaning ascribed thereto by the policies of the TSX Venture Exchange;
- (q) **"Market Price"** means, as of any date, the price of the Common Shares, determined as follows:
  - (i) if the Common Shares are listed on the TSX Venture Exchange, the Market Price shall be the last closing sales price for such shares as quoted on such Exchange for the market trading day immediately prior to the date of grant of the Option;
  - (ii) if the Common Shares are listed on an Exchange other than the TSX Venture Exchange, the market Price shall be the closing sales price of such shares (or the closing bid, if no sales were reported) as quoted on such Exchange for the market trading day immediately prior to the time of determination; and
  - (iii) if the Common Shares are not listed on an Exchange, the Market Price shall be determined in good faith by the Board;
- (r) **"Option"** means the option granted to an Optionee under this Plan and the Option Agreement;
- (s) **"Option Agreement"** means such option agreement or agreements as is approved from time to time by the Board and as is not inconsistent with the terms of this Plan;
- (t) **"Option Date"** means the date of grant of an Option to an Optionee;
- (u) **"Optionee"** means a person to whom an outstanding Option has been granted;
- (v) **"Option Price"** is the price at which the Optionee is entitled pursuant to the Plan and the Option Agreement to acquire Option Shares;
- (w) **"Option Shares"** means, subject to the provisions of Section 8 of this Plan, the Common Shares which the Optionee is entitled to acquire pursuant to this Plan and the applicable Option Agreement;
- (x) **"Permitted Assign"** includes:
  - (i) trustees, custodians or administrators acting on behalf of an Eligible Person;
  - (ii) a holding entity of an Eligible Person;
  - (iii) a RRSP or RRIF of an Eligible Person;
  - (iv) a spouse of an Eligible Person;

- (v) trustees, custodians or administrators acting on behalf of a spouse of an Eligible Person;
- (vi) a holding entity of a spouse of an Eligible Person; and
- (vii) a RRSP or RRIF of a spouse of an Eligible Person;
- (y) "**Plan**" means this 2014 Stock Option Incentive Plan, as amended from time to time;
- (z) "**Shareholder Approval**" means the approval by a majority of votes at a meeting of the shareholders of the Company cast on the resolution by shareholders of the Company (or, if acceptable under applicable securities regulation or law of any applicable governmental or regulatory body (including the applicable policies of an Exchange) by the written consent of a majority of such shareholders) entitled to attend at and cast a vote on the resolution.

### 3. INTERPRETATION

In this Plan:

- (a) the division into sections and the insertion of headings are for convenience of reference only and shall not affect the construction or interpretation of this Plan;
- (b) the terms "**this Plan**", "**hereof**", "**hereunder**" and similar expressions refer to this Plan and not to any particular section, paragraph or other portion hereof and include any Plan supplemental hereto;
- (c) unless something in the subject matter or context is inconsistent therewith, references herein to sections and paragraphs are to sections and paragraphs of this Plan;
- (d) words importing the singular number only shall include the plural and vice versa, words importing the masculine gender shall include the feminine and neuter genders and vice versa and words importing persons shall include individuals, partnerships, associations, trusts, unincorporated organizations and corporations;
- (e) unless otherwise specifically provided in this Plan, any reference in this Plan to any law, by-law, rule, regulation, policy, order, act or statute of any government, governmental body, Exchange or other regulatory body shall be construed as a reference to those as amended or re-enacted from time to time or as a reference to any successor to those; and
- (f) when reference is made to an Eligible Person, or specifically to a Director, Employee, Consultant and/or Management Company Employee, such terms are deemed to include any Permitted Assign of such person or persons, unless the context requires otherwise.

This Plan and any Option Agreement related hereto shall be exclusively governed by and interpreted in accordance with the laws from time to time in force in British Columbia and the federal laws of Canada applicable thereto.

#### **4. ADMINISTRATION**

The Plan shall be administered by the Board, and subject to the rules of the TSX Venture Exchange and/or any other Exchange from time to time and except as provided for herein, the Board shall have full authority to:

- (a) determine and designate from time to time those Eligible Persons or their Permitted Assigns to whom Options are to be granted and the number of Option Shares to be optioned to each such Eligible Person or their Permitted Assigns;
- (b) determine the time or times when, and the manner in which, each Option shall be exercisable and the duration of the exercise period;
- (c) determine from time to time the Option Price, provided such determination is not inconsistent with this Plan; and
- (d) interpret the Plan and to make such rules and regulations and establish such procedures as it deems appropriate for the administration of the Plan, taking into consideration the recommendations of management.

#### **5. OPTIONEES**

Optionees must be Eligible Persons who, by the nature of their jobs or their participation in the affairs of the Company, in the opinion of the Board, are in a position to contribute to the success of the Company, or a Permitted Assign thereof.

#### **6. EFFECTIVENESS AND TERMINATION OF PLAN**

The Plan shall be effective as of the Effective Date and shall terminate on the earlier of:

- (a) the date which is ten years from the Effective Date; and
- (b) such earlier date as the Board may determine.

Any Option outstanding under the Plan at the time of termination of the Plan shall remain in effect in accordance with the terms and conditions of the Plan and the Option Agreement.

#### **7. THE OPTION SHARES**

The aggregate number of Option Shares reserved for issuance under the Plan and Common Shares reserved for issuance under any other share compensation arrangement granted or made available by the Company from time to time may not exceed, in aggregate, 10% of the Company's Common Shares issued and outstanding at the time of grant.

#### **8. GRANTS, TERMS AND CONDITIONS OF OPTIONS**

Options may be granted by the Board at any time and from time to time prior to the termination of the Plan. Options granted pursuant to the Plan shall be contained in an Option Agreement and, except as hereinafter provided, shall be subject to the following terms and conditions:

(a) Option Price

The Option Price shall be determined by the Board, provided that such price shall not be lower than the Discounted Market Price of the Option Shares on the date of grant of the Option.

(b) Duration and Exercise of Options

Except as otherwise provided elsewhere in this Plan, the Options shall be exercisable for a period to be determined in each instance by the Board, not exceeding ten years from the Option Date. The Options must be exercised in accordance with this Plan and the Option Agreement.

Except as contemplated in (c) below, no Option may be exercised by an Optionee who was an Eligible Person at the time of grant of such Option unless the Optionee shall have been an Eligible Person continuously since the Option Date. Absence on leave, with the approval of the Company, shall not be considered an interruption of employment for the purpose of the Plan. Notwithstanding anything else contained herein, each Eligible Person shall be responsible for the payment of all applicable taxes, including, but not limited to, income taxes payable in connection with the exercise of any Options under the Plan and the Company shall bear no liability in connection with the payment of such taxes. If the Company is required under the *Income Tax Act* (Canada) or any other applicable law to make source deductions in respect of employee stock option benefits and to remit to the applicable governmental authority an amount on account of tax on the value of the taxable benefit associated with the issuance of Option Shares on exercise of Options, then the Optionee shall:

- (i) pay to the Company, in addition to the exercise price for the Options, sufficient cash as is reasonably determined by the Company to be the amount necessary to permit the required tax remittance;
- (ii) authorize the Company, on behalf of the Optionee, to sell in the market on such terms and at such time or times as the Company determines a portion of the Common Shares being issued upon exercise of the Options to realize cash proceeds to be used to satisfy the required tax remittance; or
- (iii) make other arrangements acceptable to the Company to fund the required tax remittance.

(c) Termination

All rights to exercise Options shall terminate upon the earliest of:

- (i) the expiration date of the Option;
- (ii) the date on which the Optionee ceases to be an Eligible Person by reason of termination of the Eligible Person as an Employee, Consultant of the Company for cause (which, in the case of a Consultant, includes any breach of an agreement between the Company and the Consultant or the Consultant Company), or termination, for any reason, of a Management Company Employee by a person providing management services to the Company;

- (iii) any date determined by the Board, acting reasonably, within a maximum of twelve (12) months from the date the Optionee ceases to be an Eligible Person by reason of termination of the Eligible Person as an Employee or Consultant of the Company other than for cause; or
- (iv) if any Option is exercisable by the heirs or administrators of an Optionee who ceases to be an Eligible Person by reason of the Eligible Person's death, the first anniversary of the date of death of the Eligible Person.

(d) Re-issuance of Options

Options which are cancelled or expire prior to exercise may be re-issued under the Plan without Shareholder Approval.

(e) Transferability of Option

Options are non-transferable and non-assignable.

(f) Other Terms and Conditions

The Option Agreement may contain such other provisions as the Board deems appropriate, provided such provisions are not inconsistent with the Plan and the requirements of an Exchange.

In addition, for as long as the Common Shares of the Company are listed on the TSX Venture Exchange, the Company shall comply with the following requirements:

- (i) Options to acquire more than 2% of the issued Common Shares of the Company, calculated on the date of grant, may not be granted to any one Consultant in any twelve (12) month period;
- (ii) Options to acquire more than 2% of the issued Common Shares of the Company, calculated on the date of grant, may not be granted to any or all persons conducting Investor Relations Activities in any twelve (12) month period;
- (iii) Options issued to Consultants conducting Investor Relations Activities must vest in stages over twelve (12) months with no more than one-quarter ( $\frac{1}{4}$ ) of the Options vesting in any three month period;
- (iv) the approval of the disinterested shareholders shall be obtained:
  - (A) if Common Shares reserved for issuance upon the exercise of Options granted to Insiders pursuant to this Plan and any previously established and outstanding stock option plans or grants of the Company, exceed 10% of the issued Common Shares of the Company at the time of such the grant;
  - (B) if Options are granted to any one Optionee to acquire more than 5% of the issued and outstanding Common Shares of the Company at the time of such the grant in any twelve (12) month period;

- (C) if Options are granted to Insiders to acquire more than 10% of the issued and outstanding Common Shares of the Company at the time of such the grant in any twelve (12) month period;
- (D) any decrease of the Option Price of Options granted to Insiders pursuant to this Plan or any previously established and outstanding stock option plans or grants of the Company; and
- (v) for Options granted to Employees, Consultants or Management Company Employees of the Company, the Company will represent that the Optionee is a bona fide Employee, Consultant or Management Company Employee of the Company, as the case may be.

## **9. ADJUSTMENT OF AND CHANGES IN THE OPTION SHARES**

- (a) If the Option Shares, as presently constituted, are changed into or exchanged for a different number or kind of shares or other securities of the Company or of another Company (whether by reason of merger, consolidation, amalgamation, recapitalization, reclassification, split, reverse split, combination of shares, or otherwise) or if the number of such Option Shares are increased through the payment of a stock dividend, then there shall be substituted for or added to each Option Share subject to or which may become subject to an Option under this Plan, the number and kind of shares or other securities into which each outstanding Option Share is so changed, or for which each such Option Share is exchanged, or to which each such Option Share is entitled, as the case may be. Outstanding Options under the Option Agreements shall also be appropriately amended as to price and other terms as may be necessary to reflect the foregoing events. In the event that there is any other change in the number or kind of the outstanding Option Shares or of any shares or other securities into which such Option Shares are changed, or for which they have been exchanged, then, if the Board shall, in its sole discretion, determine that such change equitably requires an adjustment in any Option theretofore granted or which may be granted under the Plan, such adjustment shall be made in accordance with such determination. Subject to the requirements of an Exchange, any such amendment shall be effective upon receipt of Board approval of it, and the approval of any of the shareholders of the Company or any Optionee is not required to give effect to such amendment.
- (b) Fractional shares resulting from any adjustment in Options pursuant to this Section 9 will be cancelled. Notice of any adjustment shall be given by the Company to each holder of an Option which has been so adjusted and such adjustment (whether or not such notice is given) shall be effective and binding for all purposes of the Plan.

## **10. PAYMENT**

Subject as hereinafter provided, the full purchase price for each of the Option Shares shall be paid by cash, bank draft, certified cheque or electronic transfer of immediately available funds in favour of the Company upon exercise thereof. An Optionee shall have none of the rights of a shareholder in respect of the Option Shares until the Option Shares are issued to such Optionee as fully paid.

## **11. SECURITIES LAW REQUIREMENTS**

No Option shall be exercisable in whole or in part, nor shall the Company be obligated to issue any Option Shares pursuant to the exercise of any such Option, if such exercise and issuance would, in the opinion of

counsel for the Company, constitute a breach of any applicable laws from time to time, or the rules from time to time of the Exchange. Each Option shall be subject to the further requirement that if at any time the Board determines that the listing or qualification of the Option Shares under any securities legislation or other applicable law, or the consent or approval of any governmental or other regulatory body (including the Exchange), is necessary as a condition of, or in connection with, the issue of the Option Shares hereunder, such Option may not be exercised in whole or in part unless such listing, qualification, consent or approval has been effected or obtained free of any conditions not acceptable to the Board.

## 12. AMENDMENT OF THE PLAN OR OPTIONS

- (a) The Board may, subject to the requirements of any applicable securities regulation or law of any applicable governmental or regulatory body (including the applicable policies of an Exchange), amend, suspend or terminate the Plan or any portion thereof or any outstanding Options or Option Agreements related thereto, at any time, including:
- (i) an increase the aggregate number of Shares which may be issued under the Plan;
  - (ii) materially modifying the requirements as to the eligibility for participation in the Plan which would have the potential of broadening or increasing Insider participation;
  - (iii) the addition of any form of financial assistance or any amendment to a financial assistance provision which is more favourable to participants under the Plan;
  - (iv) the addition of a cashless exercise feature, payable in cash or securities, which does not provide for a full deduction of the number of underlying securities from the Plan reserve; or
  - (v) materially increasing the benefits accruing to participants under the Plan;

provided that if required by applicable securities regulation or law of any applicable governmental or regulatory body (including the applicable policies of an Exchange) the Board shall obtain within twelve (12) months either before or after the Board's adoption of a resolution authorizing such amendment, suspension or termination, Shareholder Approval, and, where required, approval of Disinterested Shareholder Approval.

However, notwithstanding the foregoing, the Board may amend the terms of the Plan to comply with the requirements of any applicable regulatory authority without obtaining Shareholder Approval, including:

- (vi) amendments of a housekeeping nature to the Plan;
- (vii) a change to the vesting provisions of a security or the Plan;
- (viii) a change to the termination provisions of a security or the Plan which does not entail an extension beyond the original expiry date; or
- (ix) the addition of a cashless exercise feature, payable in cash or securities, which provides for a full deduction of the number of underlying securities from the Plan reserve.

- (b) If required by any Exchange on which Common Shares or any Option Shares are at any time to be listed or quoted, to the extent that there are any Options which are outstanding and unexercised at the time of such application for such listing or quotation, the Option Price, the aggregate number of Option Shares, the exercise period, and any other relevant terms of such Options and the Option Agreements related thereto, shall be amended in accordance with the requirements of the applicable rules and policies of any Exchange on which such Common Shares or Option Shares are listed and quoted and any Exchange for which listing or quotation of such Common Shares or Option Shares has been applied for. Subject to the requirements of an Exchange, any such amendment shall be effective upon receipt of Board approval of it, and the approval of any shareholders of the Company or Optionee is not required to give effect to such amendment.
- (c) The Board shall have the power, in the event of:
  - (i) any disposition of substantially all of the assets of the Company, dissolution or any merger, amalgamation or consolidation of the Company, with or into any other Company, or the merger, amalgamation or consolidation of any other Company with or into the Company; or
  - (ii) any acquisition pursuant to a public tender offer of a majority of the then issued and outstanding Common Shares;

but subject to applicable securities regulation or law of any applicable governmental or regulatory body (including the applicable rule and policies of an Exchange), to amend any outstanding Options to permit the exercise of all such Options prior to the effectiveness of any such transaction, and to terminate such Options as of such effectiveness in the case of transactions referred to in subsection (i) above, and as of the effectiveness of such tender offer or such later date as the Board may determine in the case of any transaction described in subsection (ii) above. If the Board exercises such power, all Options then outstanding and subject to such requirements shall be deemed to have been amended to permit the exercise thereof in whole or in part by the Optionee at any time or from time to time as determined by the Board prior to the effectiveness of such transaction, and such Options shall also be deemed to have terminated as provided above.

### **13. APPROVAL & RATIFICATION**

If required by applicable securities regulation or law of any applicable governmental or regulatory body (including the applicable policies of an Exchange), this Plan is initially subject to:

- (a) the approval of the Board;
- (b) the approval or acceptance of any Exchange;
- (c) Shareholder Approval; and
- (d) if applicable, Disinterested Shareholder Approval.

Thereafter, if required by applicable securities regulation or law of any applicable governmental or regulatory body (including the applicable policies of an Exchange), this Plan shall be subject to the annual approval or acceptance of any Exchange and Shareholder Approval obtained any at each annual meeting of

the shareholders of the Company. Any Options granted prior to such approvals are conditional upon such approvals being given, and no such Options may be exercised unless and until such approvals are given.

## SCHEDULE "B"

### VAXIL'S AUDIT COMMITTEE CHARTER

The Audit Committee is appointed by the Board and comprised of a minimum of three members, the majority of whom are independent. In defining the role and responsibilities of the Audit Committee, the Board of Directors has created a mandate under which the Audit Committee is to operate.

#### 1. Purpose

- 1.1 The Audit Committee is ultimately responsible for the policies and practices relating to integrity of financial and regulatory reporting, as well as internal controls to achieve the objectives of safeguarding of corporate assets; reliability of information; and compliance with policies and laws. Within this mandate, the Audit Committee's role is to:
  - (a) support the Board of Directors in meeting its responsibilities to shareholders;
  - (b) enhance the independence of the external auditor;
  - (c) facilitate effective communications between management and the external auditor and provide a link between the external auditor and the Board of Directors;
  - (d) increase the credibility and objectivity of the Company's financial reports and public disclosure.
- 1.2 The Audit Committee will make recommendations to the Board of Directors regarding items relating to financial and regulatory reporting and the system of internal controls following the execution of the Committee's responsibilities as described herein.
- 1.3 The Audit Committee will undertake those specific duties and responsibilities listed below and such other duties as the Board of Directors from time to time prescribe.

#### 2. Membership

- 2.1 Each member of the Audit Committee must be a director of the Company.
- 2.2 The Audit Committee will consist of at least three members, all of whom have the ability to read and understand financial statements that present a breadth and level of complexity of accounting issues that can reasonably be expected to be raised by the Company's financial reports, and the majority are independent based upon the tests for independence set forth in Multilateral Instrument 52-110.
- 2.3 The members of the Audit Committee will be appointed annually by and will serve at the discretion of the Board of Directors.

#### 3. Authority

- 3.1 In addition to all authority required to carry out the duties and responsibilities included in this charter, the Audit Committee has specific authority to:
  - (a) engage, and set and pay the compensation for, independent counsel and other advisors as it determines necessary to carry out its duties and responsibilities;

- (b) communicate directly with management and any internal auditor, and with the external auditor without management involvement; and
- (c) approve interim financial statements and interim MD&A on behalf of the Board of Directors.

#### **4. Duties and Responsibilities**

##### 4.1 The duties and responsibilities of the Audit Committee include:

- (a) recommending to the Board of Directors the external auditor to be nominated by the Board of Directors;
- (b) recommending to the Board of Directors the compensation of the external auditor;
- (c) reviewing the external auditor's audit plan, fee schedule and any related services proposals;
- (d) overseeing the work of the external auditor and resolving disagreement between Management and the Auditor;
- (e) ensuring that the external auditor is in good standing with the Canadian Public Accountability Board and will enquire if there are any sanctions imposed by the CPAB on the external auditor;
- (f) ensuring that the external auditor meets the rotation requirements for partners and staff on the Company's audits;
- (g) reviewing and discussing with management and the external auditor the annual audited financial statements, including discussion of material transactions with related parties, accounting policies, as well as the external auditor's written communications to the Committee and to management;
- (h) reviewing the external auditor's report, audit results and financial statements prior to approval by the Board of Directors;
- (i) reporting on and recommending to the Board of Directors the annual financial statements and the external auditor's report on those financial statements, prior to Board approval and dissemination of financial statements to shareholders and the public;
- (j) reviewing financial statements, MD&A and annual and interim earnings press releases prior to public disclosure of this information;
- (k) ensuring adequate procedures are in place for review of all public disclosure of financial information by the Company, prior to its dissemination to the public;
- (l) overseeing the adequacy of the Company's system of internal accounting controls and internal audit process obtaining from the external auditor summaries and recommendations for improvement of such internal accounting controls;
- (m) ensuring the integrity of disclosure controls and internal controls over financial reporting;

- (n) resolving disputes between management and the external auditor regarding financial reporting;
- (o) establishing procedures for:
  - (i) the receipt, retention and treatment of complaints received by the Company from employees and others regarding accounting, internal accounting controls or auditing matters and questionable practices relating thereto; and
  - (ii) the confidential, anonymous submission by employees of the Company or concerns regarding questionable accounting or auditing matters;
- (p) reviewing and approving the Company's hiring policies with respect to partners or employees (or former partners or employees) of either a former or the present external auditor;
- (q) pre-approving all non-audit services to be provided to the Company or any subsidiaries by the Company's external auditor;
- (r) overseeing compliance with regulatory authority requirements for disclosure of external auditor services and Audit Committee activities.

4.2 The Audit Committee will report, at least annually, to the Board regarding the Committee's examinations and recommendations.

## **5. Meetings**

5.1 The quorum for a meeting of the Audit Committee is a majority of the members of the Committee who are not officers or employees of the Company or of an affiliate of the Company.

5.2 The members of the Audit Committee must elect a chair from among their number and may determine their own procedures.

5.3 The Audit Committee may establish its own schedule that it will provide to the Board of Directors in advance.

5.4 The external auditor is entitled to receive reasonable notice of every meeting of the Audit Committee and to attend and be heard thereat.

5.5 A member of the Audit Committee or the external auditor may call a meeting of the Audit Committee.

5.6 The Audit Committee will meet separately with the President and separately with the Chief Financial Officer of the Company at least annually to review the financial affairs of the Company.

5.7 The Audit Committee will meet with the external auditor of the Company at least once each year, at such time(s) as it deems appropriate, to review the external auditor's examination and report.

5.8 The chair of the Audit Committee must convene a meeting of the Audit Committee at the request of the external auditor, to consider any matter that the auditor believes should be brought to the attention of the Board of Directors or the shareholders.

**6. Reports**

- 6.1 The Audit Committee will record its recommendations to the Board in written form which will be incorporated as a part of the minutes of the Board of Directors' meeting at which those recommendations are presented.

**7. Minutes**

- 7.1 The Audit Committee will maintain written minutes of its meetings, which minutes will be filed with the minutes of the meetings of the Board of Directors.

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