



## **Pascal Biosciences Inc.**

1780 - 400 Burrard Street  
Vancouver, BC, V6C 3A6  
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### **MANAGEMENT INFORMATION CIRCULAR**

As at February 9, 2018 (*unless otherwise indicated*)

**This Management Information Circular (“Circular”) is furnished in connection with the solicitation of proxies by the management Pascal Bioscience Inc. (the “Company”) for use at the Annual and Special Meeting of the holders (the “Shareholders”) of common shares (the “Common Shares”) of the Company to be held at Suite 1780 – 400 Burrard Street, Vancouver, Canada, on March 12, 2018, at 10:00 a.m. (Pacific Time) and at any adjournment thereof (the “Meeting”), for the purposes set forth in the notice of the Meeting (the “Notice”) accompanying this Circular.**

In this document, we, us, our, Pascal and the Company mean Pascal Biosciences Inc. You, your, and Pascal Shareholder mean registered holders of common shares of Pascal Biosciences Inc. “Common Shares” means common shares without par value in the capital of the Company. “Beneficial Shareholders” means shareholders who do not hold Common Shares in their own name and “intermediaries” refers to brokers, investment firms, clearing houses and similar entities that own securities on behalf of Beneficial Shareholders. All dollar amounts referred herein, unless otherwise indicated, are expressed in Canadian dollars.

The information contained in this Circular is given as of February 9, 2018 (the “Circular Date”) except where otherwise indicated.

### **INFORMATION REGARDING PROXIES AND VOTING AT THE MEETING**

#### **Solicitation of Proxies**

The solicitation of proxies will be primarily by mail, but may be solicited by way of telephone, facsimile or other means of communication to be made without special compensation by the directors, officers and regular employees of the Company. Costs associated with the solicitation of proxies will be borne by the Company. We have arranged for intermediaries to forward the meeting materials to beneficial owners of the Common Shares held of record by those intermediaries and we may reimburse the intermediaries for their reasonable fees and disbursements in that regard.

No person has been authorized to give any information or to make any representation other than as contained in this Circular in connection with the solicitation of proxies. If given or made, such information or representations must not be relied upon as having been authorized by the Company. The delivery of this Circular shall not create, under any circumstances, any implication that there has been no in the information set forth herein since the date of this Circular. This Circular does not constitute the solicitation of a proxy by anyone in any jurisdiction in which such solicitation is not authorized, or in

which the person making such solicitation is not qualified to do so, or to anyone to whom it is unlawful to make such an offer of solicitation.

### **Appointment of Proxyholders**

A shareholder is entitled to one vote for each Common Shares that such Shareholder holds on the Record Date of February 5, 2018 on the resolutions to be voted upon at the Meeting, and any other matter to come before the Meeting. The persons named in the accompanying form of proxy (the “**Proxy**”) are officers and/or directors of the Company (“**Management Proxyholders**”).

**A Shareholder has the right to appoint a person (who need not be a shareholder) to attend and act for him or her on his or her behalf at the Meeting other than Management Proxyholders. To exercise this right the Shareholder must strike out the names of Management Proxyholders and insert the name of his or her nominee in the blank space provided in the Proxy, or complete another suitable form of proxy. Such Shareholder should notify the nominee of the appointment, obtain the nominee’s consent to act as proxyholder and should provide instructions to the nominee on how the Shareholder’s shares should be voted. The nominee should bring personal identification to the Meeting.**

**If your common shares are held in physical form (i.e. paper form) and are registered in your name, then you are a registered shareholder (“Registered Shareholder”). However, if, like most shareholders, you keep your Common Shares in a brokerage account, then you are a beneficial shareholder (“Beneficial Shareholder”). The manner for voting is different for Registered and Beneficial Shareholders. The instructions below should be read carefully by all Shareholders.**

### **Signing of Proxy**

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

### **Revocability of Proxy**

A Shareholder who has validly given a proxy may revoke it for any matter upon which a vote has not already been cast by the proxyholder appointed therein. In addition to revocation in any manner permitted by law, an instrument of proxy may be revoked by an instrument in writing executed by the Shareholder or by his or her duly authorized attorney, or, if the Shareholder is a corporation, under its corporate seal by a duly authorized officer or attorney of the corporation and delivered to either the Company’s transfer agent, Computershare Investor Services Inc. at 8<sup>th</sup> Floor, 100 University Avenue, Toronto, Ontario M5J 2Y1, at any time up to and including the last business day preceding the date of the Meeting, or any adjournment thereof at which the instrument of proxy is to be used, or deposited with the Chairman of the Meeting on the day of the Meeting, or any adjournment thereof.

In addition, a Shareholder, or, if the Shareholder is a corporation, a duly authorized representative of the corporation, submit a subsequent proxy in accordance with the foregoing procedure or may attend the Meeting in person, revoke the instrument of proxy by indicating such intention to the Chairman of the Meeting before the instrument of proxy is exercised, and vote in person.

A revocation of a proxy will not affect a matter on which a vote is taken before the revocation.

### **Voting of Proxies and Exercise of Discretion by Proxyholders**

The Common Shares represented at the Meeting by properly executed proxies will be voted or withheld from voting (including the voting on any ballot), in accordance with the instructions specified in the enclosed form of Proxy.

**In the absence of such direction with respect to a matter to be acted upon, the Proxy confers discretionary authority with respect to that matter upon the appointed Proxyholders named in the form of Proxy. It is intended that the Management Proxyholders will vote such Common Shares IN FAVOUR of each matter identified in the Proxy and for the nominees of Management for directors and for auditor.**

**If any amendment or variation to the matters identified in the Notice are properly brought before the Meeting or any further or other business is properly brought before the Meeting, the accompanying instrument of proxy confers discretionary authority to vote on such amendments or variations or such other business according to the best judgment of the appointed proxyholder.** As at the Circular Date, the management of the Company knows of no such amendment, variation or other matter to come before the Meeting other than the matters referred to in the accompanying Notice.

In the case of abstention from, or withholding of, the voting of the Common Shares on any matter, the Common Shares that are subject to the abstention or withholding will be counted for determination of a quorum, but will not be counted as affirmative or negative on the matter to be voted upon.

### **Registered Shareholders**

Registered Shareholders are entitled to vote at the Meeting. Registered Shareholders may wish to vote by proxy whether or not they are able to attend the Meeting in person. Registered Shareholders electing to submit a proxy may do so by:

- (a) completing, dating and signing the enclosed form of proxy and returning it to the Company's transfer agent, Computershare Investor Services Inc. by fax within North America at 1-866-249-7775, outside North America at (416) 263-9524, or by mail or hand delivery at 8<sup>th</sup> Floor, 100 University Avenue, Toronto, Ontario M5J 2Y1;
- (b) using a touch-tone phone to transmit voting choices to a toll free number at 1-866-732-8683 and following the instructions on the voice response system by providing the holders' account number and the proxy access number. Instructions are then conveyed by use of the touchtone selections over the telephone; or
- (c) using the internet through the website of the Company's transfer agent at [www.investorvote.com](http://www.investorvote.com). Registered Shareholders must follow the instructions that appear on the screen and refer to the enclosed proxy form for the holder's account number and the proxy access number;

in all cases ensuring that the proxy is received at least 48 hours (excluding Saturdays, Sundays and holidays) before the time of the Meeting or any adjournment thereof at which the proxy is to be used.

### **Voting by Non-Registered Shareholders**

**The following information is of significant importance to Shareholders who do not hold Common Shares in their own name.** Beneficial Shareholders should note that the only proxies that can be recognized and acted upon at the Meeting are those deposited by Registered Shareholders (those whose names appear on the records of the Company as the registered holders of Common Shares).

If Common Shares are listed in an account statement provided to a Shareholder by a broker, then in almost all cases those Common Shares will not be registered in the shareholder's name on the records of the Company. Such Common Shares will more likely be registered under the names of the Shareholder's broker or an agent of that broker. In the United States, the vast majority of such Common Shares are registered under the name of Cede & Co. as nominee for The Depository Trust Company (which acts as depository for many U.S. brokerage firms and custodian banks), and in Canada, under the name of CDS & Co. (the registration name for The Canadian Depository for Securities Limited, which acts as nominee for many Canadian brokerage firms). Beneficial Shareholders should ensure that instructions respecting the voting of their Common Shares are communicated to the appropriate person well in advance of the Meeting.

The Company does not have access to names of Beneficial Shareholders. Intermediaries are required to seek voting instructions from Beneficial Shareholders in advance of shareholders' meetings. Every intermediary has its own mailing procedures and provides its own return instructions to clients, which should be carefully followed by Beneficial Shareholders in order to ensure that their Common Shares are voted at the Meeting.

There are two kinds of Beneficial Shareholders - those who object to their name being made known to the issuers of securities which they own (called OBOs for Objecting Beneficial Owners) and those who do not object to the issuers of the securities they own knowing who they are (called NOBOs for Non-Objecting Beneficial Owners).

The Company is taking advantage of the provisions of National Instrument 54-101 that permit it to directly deliver proxy-related materials to its NOBOs. As a result NOBOs can expect to receive a scannable Voting Instruction Form (VIF) from the Company's transfer agent, Computershare Investor Services Inc. ("**Computershare**"). These VIFs are to be completed and returned to Computershare in the envelope provided or by facsimile. In addition, Computershare provides both telephone voting and internet voting as described on the VIF itself which contain complete instructions. Computershare will tabulate the results of the VIFs received from NOBOs and will provide appropriate instructions at the Meeting with respect to the shares represented by the VIFs they receive. These securityholder materials are being sent to both registered and non-registered owners of the securities of the Company. If you are a non-registered owner, and the Company or its agent has sent these materials directly to you, your name and address and information about your holdings of securities, have been obtained in accordance with applicable securities regulatory requirements from the intermediary holding on your behalf.

By choosing to send these materials to you directly, the Company (and not the intermediary holding on your behalf) has assumed responsibility for (i) delivering these materials to you, and (ii) executing your proper voting instructions. Please return your voting instructions as specified in your request for voting instructions.

The Company does not intend to pay for delivery of the meeting materials to the "objecting beneficial holders" ("**OBOs**" as defined in NI 54-101), and as a result, the OBOs will not receive the Meeting Materials unless their Intermediary assumes the cost of delivery. Intermediaries are required to forward the Circular to Beneficial Shareholders unless the Beneficial Shareholder has waived the right to receive them. Very often, Intermediaries will use service companies to forward the Circular to Beneficial Shareholders. Beneficial Shareholders should follow the instructions of their intermediary carefully to ensure that their Common Shares are voted at the Meeting. The form of proxy supplied to you by your broker will be similar to the proxy provided to Registered Shareholders by the Company. However, its purpose is limited to instructing the intermediary on how to vote on your behalf. Most brokers now delegate responsibility for obtaining instructions from clients to Broadridge Investor Communications Inc. ("**Broadridge**") in the United States and in Canada. Broadridge mails a VIF in lieu of a proxy

provided by the Company. The VIF will name the same persons as the Company's Proxy to represent you at the Meeting. You have the right to appoint a person (who need not be a Beneficial Shareholder of the Company), other than the persons designated in the VIF, to represent you at the Meeting. To exercise this right, you should insert the name of the desired representative in the blank space provided in the VIF. The completed VIF must then be returned to Broadridge by mail or facsimile or given to Broadridge by phone or over the internet, in accordance with Broadridge's instructions. Broadridge then tabulates the results of all instructions received and provides appropriate instructions respecting the voting of Common Shares to be represented at the Meeting.

**If you receive a VIF from Broadridge, you cannot use it to vote Common Shares directly at the Meeting - the VIF must be completed and returned to Broadridge, in accordance with its instructions, well in advance of the Meeting in order to (a) have your Common Shares voted as per your instructions, or (b) to have any alternate representative chosen by you duly appointed to attend and vote your Common Shares at the Meeting.**

Alternatively, you can request in writing that your broker send you a legal proxy which would enable you, or a person designated by you, to attend at the Meeting and vote your Common Shares.

Although as a Beneficial Shareholder you may not be recognized directly at the Meeting for the purposes of voting Common Shares registered in the name of your broker, you, or a person designated by you, may attend at the Meeting as proxyholder for your broker and vote your Common Shares in that capacity. If you wish to attend at the Meeting and indirectly vote your Common Shares as proxyholder for your broker, or have a person designated by you do so, you should enter your own name, or the name of the person you wish to designate, in the blank space on the voting instruction form provided to you and return the same to your broker in accordance with the instructions provided by such broker, well in advance of the Meeting. **Only Registered Shareholders have the right to revoke a proxy. Non-Registered Shareholders who wish to change their vote must in sufficient time in advance of the Meeting, arrange for their respective Intermediaries to change their vote and if necessary revoke their proxy in accordance with the revocation procedures set out above.** All references to shareholders in this Circular are to Registered Shareholders, unless specifically stated otherwise.

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

Except as disclosed elsewhere in this Circular, none of the directors or officers of the Company, nor any person who has held such a position since the beginning of the last completed financial year of the Company, nor any proposed nominee for election as a director of the Company, nor any associate or affiliate of any of the foregoing persons, has any material interest, direct or indirect, by way of beneficial ownership of securities or otherwise in any matter to be acted on, other than the election of directors, the approval of the 10% rolling Option Plan, as such persons are eligible to participate in the Option Plan and as set out herein.

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

##### **Voting Shares and Record Date**

Each Registered Shareholder at the close of business on February 5, 2018 (the "**Record Date**") is entitled to receive notice of, and to attend and vote at and such Shareholders are encouraged to participate in the Meeting and are urged to vote on matters to be considered in person or by proxy.

The authorized share capital of the Company consists of an unlimited number of Common Shares. The Company has no other classes of shares outstanding. As at the Record Date, the Company had 37,398,085

Common Shares issued and outstanding. No group of shareholders has the right to elect a specified number of directors, nor are there cumulative or similar voting rights attached to the Common Shares.

The quorum for the transaction of business at the Meeting is one shareholder, or one proxyholder representing shareholders who, in the aggregate, holds at least one-twentieth of the issued Common Shares entitled to be voted at the meeting.

Except where otherwise stated, and other than the election of directors, a simple majority of 50% plus 1 of the votes cast at the Meeting is required to approve the matters being submitted to a vote of shareholders at the Meeting.

### **Principal Holders of Voting Securities**

To the knowledge of the directors and executive officers of the Company, as at the Circular Date, none of the Shareholders beneficially own or control or direct, directly or indirectly, voting securities carrying 10% or more of the voting rights attached to any class of voting securities of the Company.

## **FINANCIAL STATEMENTS**

The audited financial statements of the Company for the fiscal period ended November 30, 2016 and report of the auditor thereon will be placed before the Meeting. These documents have been filed with the securities commissions or similar regulatory authorities in British Columbia, Alberta and Ontario. Copies of the documents may be obtained by a Shareholder upon request without charge from the Company at Suite 1780 - 400 Burrard Street, Vancouver, British Columbia V6C 3A6, or by telephone: (778) 389-2936. These documents are also available through the internet on SEDAR at [www.sedar.com](http://www.sedar.com).

## **STATEMENT OF EXECUTIVE COMPENSATION**

The Company filed its statement of executive compensation for each of the two most recently completed financial years (ended November 30, 2016 and 2015 respectively) on May 30, 2017. Copy of the Company's statement of executive compensation may be obtained from [www.sedar.com](http://www.sedar.com) and upon request from the Company by telephone at (778) 389-2936, or by fax at (604) 688-6995.

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

The only equity compensation plan which the Company has in place is the existing Option Plan which was previously approved by the TSXV. The Option Plan was established to provide incentive to qualified parties to increase their proprietary interest in the Company and thereby encourage their continued association with the Company. The Option Plan is administered by the Board of Directors and provides that options will be issued to directors, officers, employees, consultants and other Participants (as defined in the Option Plan) of the Company. The Option Plan also provides that the number of Common Shares issuable under the Option Plan, may not exceed 10% of the issued and outstanding Common Shares at any time. All options granted under the Option Plan expire on a date not later than ten years after the date of grant of such option, and are exercisable at an exercise price set by the Board of Directors in its sole discretion which price may not be less than the Discounted Market Price (as defined in the Option Plan). See "Approval of the Stock Option Plan" above for a description of the Option Plan.

As at the end of the most recently completed financial year of the Company ended November 30, 2016 there were 2,687,000 stock options granted or outstanding under the Option Plan.

	<b>Number of securities to be issued upon exercise of outstanding options, warrants and rights as at November 30, 2016</b>	<b>Weighted average exercise price of outstanding options, warrants and rights</b>	<b>Number of securities remaining available for future issuance under the Option Plan as at November 30, 2016</b>
<b>Plan Category</b>	<b>(a)</b>	<b>(b)</b>	<b>(c)</b>
Plans approved by security holders	2,687,000	\$0.36	864,509
Plans not approved by security holders	Nil	N/A	Nil
<b>Total</b>	<b>2,687,000</b>	<b>\$0.36</b>	<b>864,509</b>

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

None of the directors and officers of the Company, any proposed management nominee for election as a director of the Company or any associate of any director, officer or proposed management nominee is or has been indebted to the Company at any time during the Company's most recently completed financial year.

### **INTEREST OF INFORMED PERSONS IN MATERIAL TRANSACTIONS**

Other than as disclosed herein, the Company is not aware of any material transaction involving any director or executive officer of the Company, any director or executive officer of any shareholder who holds more than 10% of the voting rights attached to the Common Shares of the Company, any proposed nominee for election as a director of the Company, or any shareholder who holds more than 10% of the voting rights attached to the Common Shares of the Company or any associate or affiliate of any of the foregoing, which has been entered into since the commencement of the Company's last completed financial year or in any proposed transaction which, in either case, has materially affected or will materially affect the Company or any of its subsidiaries.

### **MANAGEMENT CONTRACTS**

There are no management functions of the Company, which are to any substantial degree performed by a person or company other than the directors or senior officers of the Company.

### **CORPORATE GOVERNANCE**

Corporate governance is related to the activities of the Board of Directors, the members of which are elected by and are accountable to the shareholders, and takes into account the role of the individual members of management who are appointed by the Board of Directors and who are charged with the day to day management of the Company. The Board of Directors is committed to sound corporate governance practices, which are both in the interest of its shareholders and contribute to effective and efficient decision making.

Pursuant to *National Instrument 58-101 – Disclosure of Corporate Governance Practices* ("NI 58-101"), the Company is required to disclose its corporate governance practices as summarized below.

#### **Board of Directors**

The Board of Directors facilitates its exercising of independent supervision over the Company's management through meetings of the Board of Directors and both directly and indirectly through its committees and independent members. Meetings of the independent directors and committees are not

regularly scheduled but communication among this group occurs on an ongoing basis as needs arise from regularly scheduled meetings of the Board of Directors. The number of these informal meetings has not been recorded, but it would not be less than four in the case of the Audit Committee in the fiscal year that ended November 30, 2016. The Board of Directors believes that adequate structures and processes are in place to facilitate the functioning of the Board of Directors with a level of independence of the Company's management.

The Board of Directors currently consists of seven directors: Patrick Gray, Reinhard Gabathuler, Karoly Nikolich, Terry Pearson, Jens Biertumpel, Thomas Gadek and Graeme I. Bell. Messrs. Gabathuler, Pearson, Biertumpel, Gadek and Bell are independent members of the Board of Directors within the meaning of NI 58-101 in that they are independent and free from any material relationship with the Company which could, in the view of the Company's Board of Directors, be reasonably expected to interfere with the exercise of a member's independent judgement.

The remaining members of the Board of Directors are not considered independent: Mr. Patrick Gray is President and Chief Executive Officer of the Company and Mr. Karoly Nikolich is Chairman of the Company's Board of Directors.

### **Directorships**

No current or proposed directors of the Company are also directors or officers of other reporting issuers.

### **Board Responsibilities**

The Board has overall responsibility for the stewardship of the Company. The Company's Board of Directors is empowered by governing corporate law and the Company's Articles to manage, or supervise the management of, the affairs and business of the Company.

The Board of Directors performs its functions through quarterly and special meetings and has delegated certain of its responsibilities to those committees described below. In addition, the Board of Directors has established policies and procedures that limit the ability of management to carry out certain specific activities without the prior approval of the Board of Directors.

Long-term strategies and annual operating and capital plans with respect to the Company's operations are developed by senior management and reviewed and approved by the Board of Directors.

The Board of Directors, through the Audit Committee, has the responsibility to identify the principal risks of the Company's business. It works with management to implement policies to identify the risks and to establish systems and procedures to ensure that these risks are monitored.

The Board of Directors has delegated responsibility for the integrity of internal controls and management information systems to the Audit Committee. The Company's external auditors report directly to the Audit Committee. In its regular meetings with the external auditors, the Audit Committee discusses, among other things, the Company's financial statements and the adequacy and effectiveness of the Company's internal controls and management information systems.

### **Orientation and Continuing Education**

New directors are briefed on strategic plans, short, medium and long term corporate objectives, business risks and mitigation strategies, corporate governance guidelines and existing company policies. However, there is no formal orientation for new members of the Board, and this is considered to be appropriate,



given the Company's size and current level of operations. However, if the growth of the Company's operations warrants it, it is likely that a formal orientation process will be implemented.

### **Ethical Business Conduct**

The Company does not currently have a written code for ethical business conduct.

The Board of Directors encourages and promotes a culture of ethical business conduct by actively overseeing the management of the business. While there is no formal policy on ethical business conduct, the Company carries out its business in accordance with the rules and regulations of all regulatory agencies to which it is subject. This culture of compliance is stressed to all levels of management of the Company to ensure that business is conducted in an ethical and proper manner at all times.

The Company is established under and is therefore governed by the provisions of the *Business Corporations Act* (British Columbia) (the "BCA"). Pursuant to the BCA, a director or officer of the Company must disclose to the Company in writing or by requesting that it be entered in the minutes of meetings of the Board of Directors, the nature and extent of any interest that he or she has in material contract or material transaction, whether made or proposed, with the Company, if the director or officer: (a) is a party to the contract or transaction; (b) is a director or an officer, or an individual acting in a similar capacity, of a party to the contract or transaction; or (c) has a material interest in a party to the contract or transaction. The interested director cannot vote on any resolution to approve such contract or transaction.

### **Nomination of Directors**

The Board of Directors has not appointed a nominating committee. As a result of the Company's size, its stage of development and the limited number of individuals on the Board of Directors, the Board of Directors considers a nominating committee to be inappropriate at this time.

### **Compensation of Directors and CEO**

The Board of Directors does not have a compensation committee or a formal procedure with respect to determining compensation for the Company's directors and CEO. The Company has a consulting agreement with its CEO pursuant to which the CEO receives remuneration for his services. See "*Executive Compensation*" for further details of this agreement. The Board of Directors as a whole is responsible for reviewing the adequacy and form of compensation paid to the Company's executive officers and key employees and ensuring that such compensation realistically reflects the responsibilities and risks of such positions. In fulfilling these responsibilities, the Board of Directors will evaluate the performance of the Company's CEO and other senior management in light of corporate goals and objectives, and will make recommendations with respect to compensation levels based on such evaluation.

### **Other Committees**

The Company does not have any committees other than the Audit Committee. The Board of Directors has determined that additional committees are not necessary at this stage of the Company's development.

### **Assessments**

Neither the Company nor the Board of Directors has determined formal means or methods to regularly assess the Board of Directors, its Committees or individual directors with respect to their effectiveness and contributions. Effectiveness is subjectively measured by comparing actual corporate results with

stated objectives. The contributions of an individual director are informally monitored by the other Board members, having in mind the business strengths of the individual and the purpose of originally nominating the individual to the Board of Directors.

### **AUDIT COMMITTEE**

National Instrument 52-110 of the Canadian Securities Administrators (“NI 52-110”) requires the Company, as a venture issuer, to disclose annually in its Circular certain information concerning the constitution of its audit committee and its relationship with its independent auditor, set forth as follows:

#### **Audit Committee Charter**

The Charter of the Company’s audit committee (the “Audit Committee”) is attached to this Circular as Schedule “A”.

#### **Composition of the Audit Committee**

Members of the Audit Committee are: Terry Pearson, Karoly Nikolich and Jens Biertumpel. A majority of the members of the Committee are not officers or employees of the Company or of an affiliate of the Company. Two members of the Audit Committee, Dr. Karoly Nikolich (Chairman of the Board) and Mr. Jens Biertumpel (received consulting (compensation) fee from the Company) are not independent as defined in NI 52-110. Dr. Terry Pearson is an independent member of the Audit Committee. Each member of the Audit Committee is financially literate.

A member of the Audit Committee is *independent* if the member has no director or indirect material relationship with the Company. A material relationship means a relationship which could, in the view of the Board of Directors, reasonably interfere with the exercise of a member’s independent judgment.

A member of the Audit Committee is considered *financially literate* if he or she has the ability to read and understand a set of financial statements that present a breadth and level of complexity of accounting issues that are generally comparable to the breadth and complexity of issues that can reasonably be expected to be raised by the Company.

#### **Relevant Education and Experience**

Based on their business and educational experiences, each Audit Committee member has a reasonable understanding of the accounting principles used by the Company; an ability to assess the general application of such principles in connection of the accounting for estimates, accruals and reserves; experience analyzing and evaluating financial statements that present a breadth and level of complexity of issues that can reasonably be expected to be raised by the Company’s financial statements, or experience actively supervising one or more individuals engaged in such activities; and an understanding of internal controls and procedures for financial reporting.

Terry Pearson and Jens Biertumpel gained financial literacy by serving as directors of the TSXV listed companies. Mr. Biertumpel was also a managing director and co-founder of Mont Blanc Capital Management AG, a FINMA regulated asset management firm in Zurich, Switzerland. Dr. Nikolich has gained financial literacy by assisting in the preparation and review of the Company’s audited financial statements.

### **Audit Committee Oversight**

At no time during the Company's fiscal year ended November 30, 2016 and at no time since the commencement of the Company's most recently completed financial year were any Audit Committee's recommendations to nominate or compensate an external auditor not adopted by the Board of Directors.

### **Reliance on Certain Exemptions**

At no time during the Company's fiscal year ended November 30, 2016 and at no time since the commencement of the Company's most recently completed financial year has the Company relied on any exemption under Part 8 of *National Instrument 52-110 – Audit Committees*.

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

The Audit Committee has not adopted any specific policies and procedures for the engagement of non-audit services.

### **External Auditor Service Fees**

The aggregate fees billed by the Company's external auditors in each of the last two fiscal years are:

<b>Financial Year/Period Ending</b>	<b>Audit Fees</b>	<b>Audit Related Fees</b>	<b>Tax Fees</b>	<b>All Other Fees</b>
November 30, 2016	\$18,320	Nil	Nil	Nil
November 30, 2015	\$17,300	Nil	Nil	Nil

### **Venture Issuer Exemption**

The Company, as a "Venture Issuer", is relying upon section 6.1 of *National Instrument 52-110 – Audit Committees* exempting the Company from certain requirements relating to the composition of the Audit Committee and reporting obligations.

## **PARTICULARS OF ANNUAL MATTERS TO BE ACTED ON**

### **Appointment of Auditor**

Smythe Ratcliffe LLP, of 700- 355 Burrard Street, Vancouver, BC, V6C 2G8 will be nominated at the Meeting for reappointment as auditor of the Company. Smythe Ratcliffe LLP has been the auditor of the Company since January 28, 2012.

**Unless otherwise instructed, the Management Proxyholders in the accompanying instrument of proxy intend to vote FOR the resolution to re-appointment of Smythe Ratcliffe LLP as the auditors of the Company to hold office for the ensuing year at remuneration to be fixed by the Board of Directors.**

### **Number of Directors**

At the Meeting, Shareholders will be asked to pass an ordinary resolution to set the number of directors of the Company for the ensuing year at seven (7).

Management recommends the approval of the resolution to set the number of directors of the Company at seven. Unless otherwise instructed, the Management Proxyholders in the accompanying instrument of proxy intend to vote FOR the resolution to set the number of directors of the Company at seven.

### Election of Directors

The term of office of each of the present four directors will expire at the Meeting. **The seven persons named below will be presented for election at the Meeting as management's nominees and unless otherwise directed, the Management Proxyholders, if named as proxyholder for Shareholders, will vote FOR the election of these nominees.** Management does not contemplate that any of these nominees will be unable to serve as a director. Each director elected will hold office until the next annual meeting of the Company or until a successor is duly elected or appointed or unless his office is earlier vacated in accordance with the Articles of the Company, or with the provisions of the *Business Corporations Act* (British Columbia). No class of shareholders of the Company has the right to elect a specified number of directors or to cumulate their votes for directors.

### Summary of Director Biographical Information and Security Holdings

The following table sets forth the name of each person nominated for election as a director, the Canadian province or US state of residence for each nominee, the period during which any such person has been a director of the Company, the principal occupation at the present time and during the preceding five years of such nominee, and the number and percentage of Common Shares beneficially owned, or controlled or directed, directly or indirectly, by the nominee, as at the Circular Date.

Name of Nominee, Current Position with the Company and Province and Country of Residence <sup>(1)</sup>	Period as a Director of the Company	Principal Occupation During Past 5 Years	Number and Percentage of Common Shares Owned or Controlled <sup>(1)</sup>
Patrick Gray <i>Washington, USA</i> President and Chief Executive Officer	December 8, 2015	2012 – present: Omeros Corporation, Scientific Fellow 2010 – 2014 – University of Washington graduate school – teaching 2007 – 2012 – Accelerator Corp., Chief Scientific Officer	266,667 0.71%
Karoly Nikolich <sup>(2)</sup> <i>California, USA</i> Director	September 24, 2013	Circuit Therapeutics Inc., President and Founder; Alkahest Inc., CEO	166,666 0.45%
Jens Biertumpel <sup>(2)</sup> <i>Cayman Islands</i> Director	June 30, 2015	Lightstream Capital Ltd., Manager Mont Blanc Capital Management AG, Managing Director	779,999 <sup>(3)</sup> 2.09%
Terry Pearson <sup>(2)</sup> <i>British Columbia, Canada</i> Director	December 16, 2014	Professor of Biochemistry and Microbiology, University of Victoria	53,000 0.14%
Reinhard Gabathuler <i>Quebec, Canada</i> Director	December 8, 2015	Scientific consultant to biotechnology companies	Nil
Thomas Gadek, <i>Utah, USA</i>	September 20,	2006-2013: SarCode Bioscience, CEO, director	Nil

Director	2016	2010-2015: Rogne Bioscience, CEO, CSO, director	
Graeme I. Bell <i>Illinois, USA</i> Director	December 5, 2017	Professor of Medicine, University of Chicago.	Nil

## Notes:

- (1) The information as to country of residence, principal occupation and Common Shares owned or over which a director exercises control or direction has been confirmed by the respective directors individually; and
- (2) Member of the Audit Committee; and
- (3) A total of 110,000 of these Common Shares are held by Mr. Biertumpel's spouse.

*Corporate Cease Trade Orders or Bankruptcies*

Other than as disclosed below, to the knowledge of the Company, none of the proposed directors of the Company is, as at the date hereof, or has been, within the previous 10 years, a director, chief executive officer or chief financial officer of any company (including the Company) that, (i) was subject to a cease trade or similar order that was issued while the proposed director was acting in the capacity as director, chief executive officer or chief financial officer, or (ii) was subject to a cease trade or similar order that was issued after the proposed director ceased to be a director, chief executive officer or chief financial officer and which resulted from an event that occurred while that person was acting in the capacity as director, chief executive officer or chief financial officer.

To the knowledge of the Company, none of the proposed directors of the Company is, as at the date hereof, or has been, within the previous 10 years, a director or executive officer of any company (including the Company) that, while that person was acting in that capacity, or within a year of that person ceasing to act in that capacity, became bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or was subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold its assets.

*Penalties or Sanctions*

To the knowledge of the Company, 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 securityholder in deciding whether to vote for a proposed director.

*Personal Bankruptcies*

To the knowledge of the Company, none of the proposed directors of the Company has, within the 10 years before the date hereof, become bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency, or become subject to or instituted any proceedings, arrangement or compromise with creditors, or had a receiver, receiver manager or trustee appointed to hold the assets of the proposed director.

## **PARTICULARS OF SPECIAL MATTERS TO BE ACTED ON**

### **Approval of Stock Option Plan**

#### *Annual Approval of Stock Option Plan*

At the Meeting, the Shareholders will be asked to consider and, if deemed advisable, vote in favour of a resolution ratifying and approving the existing stock option plan (the “**Option Plan**”). The Option Plan is a “rolling” stock option plan whereby a maximum of 10% of the issued Common Shares of the Company, from time to time, may be reserved for issuance under the Option Plan. As the Company’s Option Plan is a “rolling” plan, the policies of the TSXV require that the Company seek shareholder approval of the Option Plan annually.

#### *Outstanding Options*

As at the Circular Date, there are 37,398,085 Common Shares issued and outstanding, 10% of which is 3,739,809 Common Shares. At the Circular Date, there are options outstanding to purchase an aggregate of 3,577,000 Common Shares, and accordingly there are 162,809 options available for granting under the Option Plan.

### **Material Terms of the Stock Option Plan**

The Option Plan is administered by the Board of Directors. A full copy of the Option Plan is available to shareholders of the Company upon request and will be available at the Meeting.

The following is a brief description of the principal terms of the Option Plan, which description is qualified in its entirety by the terms of the Option Plan:

1. The aggregate number of common shares which may be issued and sold under the Option Plan will not exceed 10% of the issued and outstanding shares at the time of grant of any option under the Option Plan.
2. The option price of any common shares in respect of which an option may be granted shall be fixed by the Board provided that the minimum exercise price shall not be less than the market price of the common shares at the time the option is granted, less the discounts permitted by the Exchange.
3. Stock options under the Option Plan may be granted by the Board of Directors to directors, senior officers, employees or consultants of the Corporation, collectively known as the "Participants".
4. Options granted under the Option Plan are exercisable over a period not exceeding ten years, provided that notwithstanding the foregoing, if the term of any Option granted under the Option Plan ends on a day occurring during a blackout period (being the period imposed by the Company during which insiders are prohibited from trading in the securities of the Company) or within nine business days thereafter, such expiry date of the Option shall be automatically extended without any further act or formality to that date which is the tenth business day after the end of the blackout period, such tenth business day to be considered the expiry date for such Option for all purposes under the Option Plan.
5. Subject to any vesting restrictions imposed by the TSXV, the Board of Directors may, in its sole discretion, determine the time during which options shall vest and the method of vesting, or that no vesting restriction shall exist.

6. no single Participant may be granted options to purchase a number of common shares of the Company equaling more than 5% of the issued Common Shares of the Company in any one twelve-month period unless the Company has obtained disinterested shareholder approval in respect of such grant and meets applicable TSXV requirements;
7. Options shall not be granted if the exercise thereof would result in the issuance of more than 2% of the issued Common Shares of the Company in any twelve-month period to any one consultant of the Company (or any of its subsidiaries);
8. Options shall not be granted if the exercise thereof would result in the issuance of more than 2% of the issued Common Shares of the Company in any twelve month period to persons employed to provide investor relations activities. Options granted to consultants performing investor relations activities will contain vesting provisions such that vesting occurs over at least 12 months with no more than  $\frac{1}{4}$  of the options vesting in any 3 month period;
9. No Options can be granted under the Option Plan if the Company is on notice from the TSXV to transfer its listed shares to the NEX or while the Company's shares trade on the NEX;
10. If a Participant ceases to be a technical consultant/non-technical consultant or employee of the Company or any of its subsidiaries as a result of retirement, resignation or termination without cause, such Participant shall have the right for a period of 90 days (or until the normal expiry date of the option rights of such Participant, if earlier) from the date of ceasing to be a technical consultant/non-technical consultant or employee to exercise all unexercised option rights of that Participant under the Option Plan to the extent they were exercisable on the date of ceasing to be a technical consultant/non-technical consultant or employee; provided that if such Participant was engaged in investor relations activities, such exercise must occur within 30 days after the cessation of the Participant's services to the Company (subject to extension at the discretion of the Board);
11. If a Participant ceases to be a director or officer of the Company or any of its subsidiaries as a result of retirement, resignation or termination without cause, subject to the discretion of the Board of Directors, such Participant shall have the right for a period of one year (or until the normal expiry date of the option rights of such Participant, if earlier) from the date of ceasing to be a director or officer to exercise all unexercised option rights of that Participant under the Option Plan to the extent they were exercisable on the date of ceasing to be a director or officer;
12. No right or interest of any Participant in or under the Option Plan is assignable or transferable, in whole or in part, either directly or by operation of law or otherwise in any manner except by bequeath or the laws of descent and distribution;
13. In the event an Option granted under the Option Plan expires unexercised or is terminated by reason of dismissal of the Participant for cause or is otherwise lawfully cancelled prior to exercise of the option, the option shares that were issuable thereunder will be returned to the Option Plan and will be eligible for reissuance; and
14. Subject to applicable approval of the TSXV, the Board of Directors may, at any time, suspend or terminate the Option Plan, amend or revise the terms of the Option Plan; provided that no such amendment or revision shall result in a material adverse change to the terms of any Options theretofore granted under the Option Plan, unless shareholder approval, or disinterested shareholder approval, as the case may be, is obtained for such amendment or revision.

### Shareholder Approval

At the Meeting, Shareholders will be asked to consider and vote on the following ordinary resolution, with or without variation:

“BE IT RESOLVED as an ordinary resolution of the shareholders that:

- (1) the 10% rolling Option Plan of the Company dated for reference March 15, 2012 be and is hereby ratified and approved for continuation until the next annual meeting of the Company, subject to regulatory approval;
- (2) to the extent permitted by law, the Company be authorized to abandon or amend all or any part of the Option Plan if the Board of Directors deems is appropriate and in the best interests of the Company to do so;
- (3) the Board of Directors, by resolution, be authorized to make such amendments to the Option Plan, from time to time, as may, in its discretion, be considered appropriate, provided always that such amendments be subject to the approval of all applicable regulatory authorities; and
- (4) any one or more of the directors or senior officers of the Company be and is hereby authorized and directed to perform all such acts, deeds and things and execute, under the seal of the Company, or otherwise, all such documents and other writings, as may be required to give effect to the true intent of this resolution.”

The Board of Directors believes that passing the above resolution is in the best interests of the Company, and accordingly recommends that you vote in favour of the resolution.

**Unless otherwise instructed, the Management Proxyholders in the accompanying instrument of proxy intend to vote FOR the resolution to approve the Option Plan.**

### ADDITIONAL INFORMATION

Additional information relating to the Company is included in the Company’s audited and consolidated financial statements for the year ended November 30, 2016, the auditor’s report thereon and related management discussion and analysis filed on [www.sedar.com](http://www.sedar.com). Copies of the Company’s most current interim financial statements and related management discussion and analysis, statement of executive compensation and additional information may be obtained from [www.sedar.com](http://www.sedar.com) and upon request from the Company by telephone at (778) 389-2936, or by fax at (604) 688-6995.

### OTHER MATTERS

The Board of Directors is not aware of any other matters which it anticipates will come before the Meeting as of the date of mailing of this Circular.



The contents of this Circular and its distribution to shareholders have been approved by the Board.

**DATED** at Vancouver, British Columbia, February 9, 2018.

**BY ORDER OF THE BOARD OF DIRECTORS**

    /s/ "Patrick Gray"      
Patrick Gray  
President and CEO

**SCHEDULE “A”****Pascal Biosciences Inc.****AUDIT COMMITTEE CHARTER****MANDATE**

The primary function of the audit committee (the “Committee”) of Pascal Biosciences Inc. (the “Company”) is to assist the Board of Directors in fulfilling its financial oversight responsibilities by reviewing the financial reports and other financial information provided by the Company to regulatory authorities and shareholders, the Company’s systems of internal controls regarding finance and accounting and the Company’s auditing, accounting and financial reporting processes. The Committee’s primary duties and responsibilities are to:

- Serve as an independent and objective party to monitor the Company’s financial reporting and internal control system and review the Company’s financial statements.
- Review and appraise the performance of the Company’s external auditors (the “Auditor”).
- Provide an open avenue of communication among the Company’s auditors, management and the Board of Directors.

**COMPOSITION, PROCEDURES AND ORGANIZATION**

The Committee shall consist of at least three members. Each member must be a director of the Company. A majority of the members of the Committee shall not be officers or employees of the Company or of an affiliate of the Company. At least one (1) member of the Committee shall be financially literate. All members of the Committee who are not financially literate will work towards becoming financially literate to obtain working familiarity with basic finance and accounting practices. For the purposes of this Charter, the term “financially literate” means the ability to read and understand a set of financial statements that present a breadth and level of complexity of accounting issues that are generally comparable to the breadth and complexity of issues that can reasonably be expected to be raised by the Company’s financial statements.

The members of the Committee shall be appointed by the Board of Directors at its first meeting following the annual shareholders’ meeting. Unless a Chair is elected by the full Board of Directors, the members of the Committee may designate a Chair by a majority vote of the full Committee membership. The Chair shall be financially literate.

The Board of Directors may at any time remove or replace any member of the Committee and may fill any vacancy in the Committee.

**MEETINGS OF THE COMMITTEE**

Meetings of the Committee shall be scheduled to take place at regular intervals and, in any event, not less frequently than quarterly. Unless all members are present and waive notice, or those absent waive notice before or after a meeting, the Chairman will give the Committee members 24 hours’ advance notice of each meeting and the matters to be discussed at such meeting. Notice may be given personally, by telephone, by facsimile or e-mail.

The Auditor shall be given reasonable notice of, and be entitled to attend and speak at, each meeting of the Committee concerning the Company's annual financial statements and, if the Committee determines it to be necessary or appropriate, at any other meeting. On request by the Auditor, the Chair shall call a meeting of the Committee to consider any matter that the Auditor believes should be brought to the attention of the Committee, the Board of Directors or the shareholders of the Company.

At each meeting of the Committee, a quorum shall consist of a majority of members that are not officers or employees of the Company or of an affiliate of the Company. A member may participate in a meeting of the Committee in person or by telephone if all members participating in the meeting, whether in person or by telephone or other communications medium other than telephone are able to communicate with each other and if all members who wish to participate in the meeting agree to such participation.

The Committee may periodically meet separately with each of management and the Auditor to discuss any matters that the Committee or any of these groups believes would be appropriate to discuss privately. In addition, the Committee should meet with the Auditor and management annually to review the Company's financial statements.

The Committee may invite to its meetings any director, any manager of the Company, and any other person whom it deems appropriate to consult in order to carry out its responsibilities.

## **RESPONSIBILITIES AND DUTIES**

To fulfill its responsibilities and duties, the Committee shall:

- (a) Review the Company's financial statements, including any certification, report, opinion, or review rendered by the Auditor, MD&A and any annual and interim earnings press releases before the Company publicly discloses such information.
- (b) Review and satisfy itself that adequate procedures are in place and review the Company's public disclosure of financial information extracted or derived from its financial statements, other than disclosure described in the previous paragraph, and periodically assess the adequacy of those procedures.
- (c) Be directly responsible for overseeing the work by the Auditor (including resolution of disagreements between management and the Auditor regarding financial reporting) engaged for the purpose of preparing or issuing an audit report or performing other audit review services for the Company.
- (d) Require the Auditor to report directly to the Committee.
- (e) Review annually the performance of the Auditor who shall be ultimately accountable to the Board of Directors and the Committee as representatives of the shareholders of the Company.
- (f) Review and discuss with the Auditor any disclosed relationships or services that may impact the objectivity and independence of the Auditor.
- (g) Take, or recommend that the Board of Directors take, appropriate action to oversee the independence of the Auditor.
- (h) Recommend to the Board of Directors the external auditor to be nominated at the annual general meeting for appointment as the Auditor for the ensuing year and the compensation for the Auditors, or, if applicable, the replacement of the Auditor.

- (i) Review and approve the Company's hiring policies regarding partners, employees and former partners and employees of the Auditor and former independent external auditors of the Company.
- (j) Review with management and the Auditor the audit plan for the annual financial statements.
- (k) Review and pre-approve all audit and audit-related services and the fees and other compensation related thereto, and any non-audit services provided by the Auditor. The pre-approval requirement is waived with respect to the provision of non-audit services if:
  - (i) the aggregate amount of all such non-audit services that were not pre-approved is reasonably expected to constitute not more than 5% of the total amount of fees paid by the Company and its subsidiary entities to the Auditor during the fiscal year in which the non-audit services are provided;
  - (ii) such services were not recognized by the Company at the time of the engagement to be non-audit services; and
  - (iii) such services are promptly brought to the attention of the Committee and approved, prior to the completion of the audit, by the Committee or by one or more members of the Committee to whom authority to grant such approvals has been delegated by the Committee.

The Committee may delegate to one or more independent members of the Committee the authority to pre-approve non-audit services in satisfaction of the pre-approval requirement set forth in this section provided the pre-approval of non-audit services by any member to whom authority has been delegated must be presented to the Committee at its first scheduled meeting following such pre-approval.

- (l) In consultation with the Auditor, review with management the integrity of the Company's financial reporting process, both internal and external.
- (m) Consider the Auditor's judgments about the quality and appropriateness of the Company's accounting principles as applied in its financial reporting.
- (n) Consider and approve, if appropriate, changes to the Company's auditing and accounting principles and practices as suggested by the Auditor and management.
- (o) Review significant judgments made by management in the preparation of the financial statements and the view of the Auditor as to the appropriateness of such judgments.
- (p) Following completion of the annual audit, review separately with management and the Auditor any significant difficulties encountered during the course of the audit, including any restrictions on the scope of the work or access to required information.
- (q) Review any significant disagreement among management and the Auditor in connection with the preparation of the financial statements.
- (r) Review with the Auditor and management the extent to which changes and improvements in financial or accounting practices have been implemented.

- (s) Discuss with the Auditor the Auditor's perception of the Company's financial and accounting personnel, any material recommendations which the Auditor may have, the level of co-operation which the Auditor received during the course of their review and the adequacy of their access to records, data or other requested information.
- (t) Review any complaints or concerns about any questionable accounting, internal accounting controls or auditing matters.
- (u) Establish procedures for:
  - (i) the receipt, retention and treatment of complaints received by the Company regarding accounting, internal accounting controls, or auditing matters; and
  - (ii) the confidential, anonymous submission by employees of the Company of concerns regarding questionable accounting or auditing matters.
- (v) Perform such other duties as may be assigned to it by the Board of Directors from time to time or as may be required by applicable regulatory authorities or legislation.
- (w) Report regularly and on a timely basis to the Board of Directors on the matters coming before the Committee.
- (x) Review and reassess the adequacy of this Charter annually and recommend any proposed changes to the Board of Directors for approval.

## **AUTHORITY**

The Committee is authorized to:

- to seek any information it requires from any employee of the Company in order to perform its duties;
- to engage, at the Company's expense, independent legal counsel or other professional advisors in any matter within the scope of the role and duties of the Committee under this Charter;
- to set and pay compensation for any advisors engaged by the Committee; and
- to communicate directly with the internal and external auditors of the Company.

This Charter supersedes and replaces all prior charters and other terms of reference pertaining to the Committee.