

**REVIVE THERAPEUTICS LTD.**

**NOTICE OF MEETING**

**AND**

**MANAGEMENT INFORMATION CIRCULAR**

**FOR THE ANNUAL AND SPECIAL MEETING OF SHAREHOLDERS**

**TO BE HELD ON DECEMBER 15, 2014**

**November 13, 2014**

**REVIVE THERAPEUTICS LTD.**

**NOTICE OF ANNUAL AND SPECIAL MEETING OF SHAREHOLDERS**

Notice is hereby given that an annual and special meeting (the “**Meeting**”) of the shareholders (“**Shareholders**”) of Revive Therapeutics Ltd. (the “**Corporation**”) will be held at the offices of Marrelli Support Services Inc., 36 Toronto Street, Suite 1000, Toronto, Ontario M5C 2C5, on December 15, 2014 at 2:00 p.m. (Toronto time), for the following purposes:

1. to receive the audited consolidated financial statements of the Corporation for the financial years ended June 30, 2014, and the period from August 7, 2012 to June 30, 2013, together with the report of the auditors thereon;
2. to elect four directors of the Corporation for the ensuing year;
3. to appoint MNP LLP as the auditors of the Corporation for the ensuing year and to authorize the directors to fix their remuneration;
4. to consider and, if deemed advisable, to pass, with or without variation, an ordinary resolution to approve, for the ensuing year, the Corporation’s incentive stock option plan first adopted on May 22, 2013; and
5. to transact such other business as may properly come before the Meeting or any adjournments or postponements thereof.

An “ordinary resolution” is a resolution passed by at least a majority of the votes cast by Shareholders who voted in respect of that resolution at the Meeting.

The nature of the business to be transacted at the Meeting is described in further detail in the accompanying management information circular.

The record date for the determination of Shareholders entitled to receive notice of, and to vote at, the Meeting or any adjournments or postponements thereof is November 10, 2014 (the “**Record Date**”). Shareholders whose names have been entered in the register of shareholders at the close of business on the Record Date will be entitled to receive notice of, and to vote, at the Meeting or any adjournments or postponements thereof.

A Shareholder may attend the Meeting in person or may be represented by proxy. Shareholders who are unable to attend the Meeting or any adjournments or postponements thereof in person are requested to complete, date, sign and return the accompanying form of proxy for use at the Meeting or any adjournments or postponements thereof. To be effective, the enclosed form of proxy must be mailed or faxed so as to reach or be deposited with Computershare Investor Services Inc. at 100 University Avenue, 8<sup>th</sup> Floor, Toronto, Ontario M5J 2Y1, Fax: 1 (866) 249-7775, not later than forty-eight (48) hours (excluding Saturdays, Sundays and statutory holidays in the City of Toronto, Ontario) prior to the time set for the Meeting or any adjournments or postponements thereof.

**DATED** this 13<sup>th</sup> day of November, 2014.

**BY ORDER OF THE BOARD OF DIRECTORS OF  
REVIVE THERAPEUTICS LTD.**

*(signed) “Fabio Chianelli”*

Fabio Chianelli  
Chief Executive Officer and Director

## REVIVE THERAPEUTICS LTD.

### MANAGEMENT INFORMATION CIRCULAR

This Circular is furnished in connection with the solicitation of proxies by the management of Revive Therapeutics Ltd. (the “**Corporation**”) for use at the annual and special meeting (the “**Meeting**”) of the shareholders (the “**Shareholders**”) of the Corporation to be held at 2:00 p.m. (Toronto time) on December 15, 2014 at the offices of Marrelli Support Services Inc., 36 Toronto Street, Suite 1000, Toronto, Ontario M5C 2C5 for the purposes set forth in the accompanying Notice of Annual and Special Meeting of Shareholders (the “**Notice of Meeting**”). References in the Circular to the Meeting include any adjournment(s) or postponement(s) thereof. 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 Corporation by telephone, electronic mail, telecopier or personally. These persons will receive no compensation for such solicitation other than their regular fees or salaries. The cost of the solicitation of proxies will be borne by the Corporation.

Except where otherwise indicated, the information contained in this Circular is as of November 13, 2014.

#### **Appointment of Proxyholders**

The persons named in the enclosed form of proxy are officers and/or directors of the Corporation. **A Shareholder desiring to appoint some other person, who need not be a Shareholder, to represent him or her at the Meeting, may do so by inserting such person’s name in the blank space provided in the enclosed form of proxy or by completing and executing another proper form of proxy.** All duly completed and executed proxies must be received by the Corporation’s registrar and transfer agent, Computershare Investor Services Inc. (“**Computershare**”) at 100 University Avenue, 8<sup>th</sup> Floor, Toronto, Ontario M5J 2Y1, Fax: 1 (866) 249-7775, not later than forty-eight (48) hours (excluding Saturdays, Sundays and statutory holidays in the City of Toronto, Ontario) prior to the time set for the Meeting or any adjournments or postponements thereof.

A Shareholder forwarding the enclosed form of proxy may indicate the manner in which the appointee is to vote with respect to any specific item by checking the appropriate space. If the Shareholder giving the proxy wishes to confer a discretionary authority with respect to any item of business, then the space opposite the item is to be left blank. The votes attached to the common shares of the Corporation (“**Common Shares**”) represented by the form of proxy submitted by a Shareholder will be voted in accordance with the directions, if any, given in the form of proxy.

To be valid, a form of proxy must be executed by a Shareholder or a Shareholder’s attorney duly authorized in writing or, if the Shareholder is a body corporate, under its corporate seal or, by a duly authorized officer or attorney.

#### **Revocation of Proxies**

A proxy given pursuant to this solicitation may be revoked at any time prior to its use. A Shareholder who has given a proxy may revoke the proxy at any time prior to use by:

- (i) completing and signing a proxy bearing a later date and depositing it with Computershare at the address provided herein;
- (ii) depositing an instrument in writing, including another completed form of proxy, executed by such Shareholder or by his or her attorney duly authorized in writing, or, if the Shareholder is a body corporate, by a duly authorized officer or attorney, either (a) with Computershare at any time up to and including the last business day preceding the day of the Meeting or any adjournment(s) or postponement(s) thereof, or (b) with the Chairman of the Meeting on the day of the Meeting or any adjournment(s) or postponement(s) thereof; or
- (iii) in any other manner permitted by law.

Such instrument will not be effective with respect to any matter on which a vote has already been cast pursuant to such proxy.

### **Voting of Proxies**

The voting rights attached to the Common Shares represented by proxies will be voted or withheld from voting in accordance with the instructions indicated therein. **If no instructions are given, the voting rights attached to said Common Shares will be exercised by those persons designated in the form of proxy and will be voted IN FAVOUR of all the matters described therein.**

The enclosed form of proxy confers discretionary voting authority upon the persons named therein with respect to amendments to matters identified in the Notice of Meeting, and with respect to such matters as may properly come before the Meeting. As of the date hereof, management of the Corporation knows of no such amendments or other matters to come before the Meeting.

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

Only registered Shareholders or the persons they appoint as their proxies are permitted to vote at the Meeting. Most Shareholders are “non-registered” Shareholders (“**Non-Registered Shareholders**”) because the Common Shares they own are not registered in their names but are instead registered in the name of the brokerage firm, bank or trust company through which they purchased the Common Shares. Common Shares beneficially owned by a Non-Registered Shareholder are registered either: (i) in the name of an intermediary (“**Intermediary**”) that the Non-Registered Shareholder deals with in respect of the Common Shares; or (ii) in the name of a clearing agency (such as CDS Clearing and Depository Services Inc. (“**CDS**”)) of which the Intermediary is a participant. In accordance with applicable securities law requirements, the Corporation will have distributed copies of the Notice of Annual and Special Meeting of Shareholders, this Circular, the form of proxy and a request card for interim and annual materials (collectively, the “**Meeting Materials**”) to the clearing agencies and Intermediaries for distribution to Non-Registered Shareholders.

Intermediaries are required to forward the Meeting Materials to Non-Registered Shareholders unless a Non-Registered Shareholder has waived the right to receive them. Intermediaries often use service companies to forward the Meeting Materials to Non-Registered Shareholders. Generally, Non-Registered Shareholders who have not waived the right to receive Meeting Materials will either:

- (i) be given a voting instruction form **which is not signed by the Intermediary** and which, when properly completed and signed by the Non-Registered Shareholder and returned to the Intermediary or its service company, will constitute voting instructions (often called a “voting instruction form”) which the Intermediary must follow. Typically, the voting instruction form will consist of a one page pre-printed form. The majority of brokers now delegate responsibility for obtaining instructions from clients to Broadridge Financial Solutions, Inc. (“**Broadridge**”) in Canada. Broadridge typically prepares a machine-readable voting instruction form, mails those forms to Non-Registered Shareholders and asks Non-Registered Shareholders to return the forms or otherwise communicate voting instructions to Broadridge (by way of the Internet or telephone, for example). Broadridge then tabulates the results of all instructions received and provides appropriate instructions respecting the voting of the shares to be represented at the Meeting. Sometimes, instead of the one page pre-printed form, the voting instruction form will consist of a regular printed proxy form accompanied by a page of instructions which contains a removable label with a bar-code and other information. In order for this form of proxy to validly constitute a voting instruction form, the Non-Registered Shareholder must remove the label from the instructions and affix it to the form of proxy, properly complete and sign the form of proxy and submit it to the Intermediary or its service company in accordance with the instructions of the Intermediary or its service company. **A Non-Registered Shareholder who receives a voting instruction form cannot use that form to vote his or her Common Shares at the Meeting;** or
- (ii) be given a form of proxy **which has already been signed by the Intermediary** (typically by a facsimile, stamped signature), which is restricted as to the number of shares beneficially owned by the Non-Registered Shareholder but which is otherwise not completed by the Intermediary.

Because the Intermediary has already signed the form of proxy, this form of proxy is not required to be signed by the Non-Registered Shareholder when submitting the proxy. In this case, the Non-Registered Shareholder who wishes to submit a proxy should properly complete the form of proxy and deposit it with Computershare the address provided herein.

In either case, the purpose of these procedures is to permit Non-Registered Shareholders to direct the voting of the Common Shares they beneficially own. Should a Non-Registered Shareholder who receives one of the above forms wish to vote at the Meeting, or any adjournment(s) or postponement(s) thereof, (or have another person attend and vote on behalf of the Non-Registered Shareholder), the Non-Registered Shareholder should strike out the persons named in the voting instruction form and insert the Non-Registered Shareholder or such other person's name in the blank space provided. **In either case, Non-Registered Shareholders should carefully follow the instructions of their Intermediary, including those regarding when and where the voting instruction form is to be delivered.**

A Non-Registered Shareholder may revoke a voting instruction form or a waiver of the right to receive Meeting Materials and to vote which has been given to an Intermediary at any time by written notice to the Intermediary provided that an Intermediary is not required to act on a revocation of a voting instruction form or of a waiver of the right to receive Meeting Materials and to vote, which is not received by the Intermediary at least seven days prior to the Meeting.

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

Except as described elsewhere in this Circular, management of the Corporation is not aware of any material interest, direct or indirect, by way of beneficial ownership of securities or otherwise, of (a) any director or executive officer of the Corporation who has held such position at any time since the beginning of the Corporation's last financial year, (b) any proposed nominee for election as a director of the Corporation, and (c) any associates or affiliates of any of the persons or companies listed in (a) and (b), in any matter to be acted on at the Meeting.

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

The authorized share capital of the Corporation consists of an unlimited number of Common Shares without par value. As at the date hereof, there are 18,912,155 Common Shares issued and outstanding. Each Common Share entitles the holder thereof to one vote on all matters to be acted upon at the Meeting.

The record date for the determination of Shareholders entitled to receive notice of the Meeting and vote at the Meeting has been fixed at November 10, 2014 (the "**Record Date**"). All holders of record of Common Shares on the Record Date are entitled either to attend and vote their Common Shares at the Meeting, or, provided a completed and executed proxy shall have been delivered to the Corporation's transfer agent, Computershare, within the time specified in the attached Notice of Annual and Special Meeting of Shareholders, to attend the Meeting and vote their Common Shares by proxy.

To the knowledge of the directors and officers of the Corporation, as at the date of this Circular, no person or corporation beneficially owns, directly or indirectly, or exercises control or direction over, voting securities of the Corporation carrying more than 10% of the voting rights attached to any class of voting securities of the Corporation, other than other than as set out below:

<b>Name of Shareholder</b>	<b>Number of Common Shares<sup>(1)(2)</sup></b>	<b>Percentage of Common Shares<sup>(1)(2)</sup></b>
Fabio Chianelli	8,499,600	44.9%

**Notes:**

- (1) The information as to Common Shares beneficially owned, controlled or directed, not being within the knowledge of the Corporation, has been obtained by the Corporation from publicly disclosed information and/or furnished by the relevant shareholder.
- (2) On a non-diluted basis.

#### **BUSINESS OF THE MEETING**

To the knowledge of the board of directors of the Corporation (the "**Board**"), the only matters to be brought before the Meeting are those matters set forth in the accompanying Notice of Meeting.

## 1. Presentation of Financial Statements

The audited consolidated financial statements of the Corporation for the fiscal year ended June 30, 2014, and the period from August 7, 2012 to June 30, 2013, and the report of the auditors thereon, which accompany this Circular, will be submitted to the Meeting. Receipt at the Meeting of these financial statements and the auditor's report thereon will not constitute approval or disapproval of any matter referred to therein. Shareholder approval is not required in relation to the financial statements.

## 2. Election of Directors

The Board consists of four directors, each of whom management propose to nominate for re-election at the Meeting. Each director elected at the Meeting will hold office until the next annual meeting or until his successor is duly elected or appointed.

Shareholders have the option to (i) vote for all of the directors of the Corporation 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 otherwise instructed, proxies and voting instructions given pursuant to this solicitation by the management of the Corporation will be voted FOR the election of each of the proposed nominees set forth in the table below.**

Management has no reason to believe that any of the nominees will be unable to serve as a director. **However, if any proposed nominee is unable to serve as a director, the individuals named in the enclosed form of proxy will be voted in favour of the remaining nominees, and may be voted in favour of a substitute nominee unless the Shareholder has specified in the proxy that the Common Shares represented thereby are to be withheld from voting in respect of the election of directors.**

The following table states the name of each person nominated by management for election as directors, such person's principal occupation or employment, period of service as a director of the Corporation, and the approximate number of voting securities of the Corporation that such person beneficially owns, or over which such person exercises direction or control:

Name, and Province and Country of Residence	Principal Occupation During the Last Five Years <sup>(1)</sup>	Director Since	Common Shares Owned or Controlled <sup>(1)</sup>
Fabio Chianelli <i>Ontario, Canada</i>	CEO of Revive (Jan. 2014 to present); Senior roles in business development, investor relations, and marketing and sales at Generex Biotechnology Corporation (Jan. 2000 to Jan. 2012); Consultant to Titan Medical Inc. (Jul. 2008 to Feb. 2013).	Jan. 2014	8,499,600
Craig Leon <sup>(2)(3)</sup> <i>Ontario, Canada</i>	CEO and Chairman of Titan Medical Inc. (Jul. 2008 to Mar. 2013); COO and CFO of Redwood Asset Management Inc. (Aug. 2003 to Jul. 2009)	Jan. 2014	770,000
Carlo Sansalone <sup>(2)</sup> <i>Ontario, Canada</i>	President of Sanscon Construction Ltd. (Jan. 1999 to present).	Jan. 2014	1,681,666

Name, and Province and Country of Residence	Principal Occupation During the Last Five Years <sup>(1)</sup>	Director Since	Common Shares Owned or Controlled <sup>(1)</sup>
William Jackson <sup>(2)</sup> <i>Ontario, Canada</i>	CEO of Atwill Medical Solutions (Jul. 2011 to present); co-founder and various senior management roles, including CFO, COO, Chief Business Officer, and director at Covalon Technologies Ltd. (Dec. 2004 to Jan. 2013); Director of Titan Medical Inc. (Apr. 2008 to Jun. 2010).	Jan. 2014	Nil

Notes:

- (1) Information about principal occupation, business or employment and number of Common Shares beneficially owned, directly or indirectly, or over which control or direction is exercised is not within the direct knowledge of management and has been furnished by the respective nominees.
- (2) Member of the Audit Committee.
- (3) Chairman of the Board.

***Corporate Cease Trade Orders, Bankruptcies, Penalties or Sanctions***

No proposed director of the Corporation 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 Corporation) that:

- (a) while that person was acting in the capacity was the subject of a cease trade order or similar order or an order that denied the relevant company access to any exemption under securities legislation, for a period of more than 30 consecutive days;
- (b) was the subject of a cease trade or similar order or an order that denied the relevant company access to any exemption under securities legislation, for a period of more than 30 consecutive days that was issued after the proposed director ceased to be a director, chief executive officer or chief financial officer of such company 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; or
- (c) 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.

No proposed director of the Corporation (or any personal holding company of any such individual):

- (a) is at the date hereof, or has been within the previous 10 years, a director or executive officer of any corporation 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 manager or trustee appointed to hold its assets; or
- (b) has, within 10 years before the date of this Circular, become bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency, or become subject to or instituted any proceedings, arrangement or compromise with creditors, or had a receiver, receiver manager or trustee appointed to hold the assets such individual.

No proposed director of the Corporation (or any personal holding company of any such individual) has been subject to 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 any other penalties or sanctions imposed by a court or regulatory body that would likely be considered important to a reasonable investor in making an investment decision.

### 3. Appointment of Auditors

MNP LLP are the independent registered certified auditors of the Corporation. **Unless otherwise instructed, the persons named in the enclosed proxy or voting instruction form intend to vote such proxy or voting instruction form FOR the re-appointment of MNP LLP as auditors of the Corporation to hold office until the next annual meeting of shareholders or until a successor is appointed, and the authorization of the directors of the Corporation to fix their remuneration.**

The directors of the Corporation recommend that shareholders vote in favour of the appointment of MNP LLP, and the authorization of the directors of the Corporation to fix their remuneration. To be adopted, this resolution is required to be passed by the affirmative vote of a majority of the votes cast at the Meeting.

### 4. Approval of Stock Option Plan

The policies of the TSX Venture Exchange (“**TSX-V**”) require all listed companies with a rolling stock option plan to obtain approval of such a plan at their annual meeting of shareholders. The Corporation maintains a rolling stock option plan, which was originally approved by the directors on May 22, 2013 (the “**Option Plan**”). A copy of the Option Plan is attached as Schedule “A” to this Circular.

The Option Plan is the Corporation’s only equity compensation plan. Under the Option Plan, directors, senior officers, employees and consultants of the Corporation and its affiliates (collectively, the “**Eligible Persons**”) are eligible to receive grants of options at the Board’s discretion. The purpose of the Option Plan is to advance the interests of the Corporation by (i) providing Eligible Persons with additional performance incentives; (ii) encouraging Common Share ownership by the Eligible Persons, (iii) increasing the Eligible Persons’ proprietary interest in the Corporation’s success; (iv) encouraging the recipients of options (“**Optionees**”) to remain with the Corporation; and (v) attracting new employees, officers, directors and consultants to the Corporation.

The number of shares which may be reserved for issuance under the Option Plan is limited to 10% of the issued and outstanding Common Shares on the options grant date. As of the date of this Circular, 1,892,155 Common Shares may be reserved for issuance pursuant to the Option Plan. Outstanding options to purchase a total of 775,206 Common Shares have been issued and remain outstanding, leaving 1,136,009 options available for issuance under the Option Plan.

Material features of the Option Plan include:

- (a) If options granted under the Option Plan are surrendered, terminated or expire without being exercised, new options may be granted covering the Common Shares not purchased under such lapsed options.
- (b) The exercise price of an option is determined by the Board at the time each option is granted, and may not be less than the last closing price of the Common Shares on the TSX-V, less any discount permitted under TSX-V policies;
- (c) The number of Common Shares reserved for issuance to any Eligible Person in any 12-month period may not exceed 5% of the issued and outstanding Common Shares unless disinterested shareholder approval is obtained (2% in the case of any individual consultant, and an aggregate of 2% in the case of all Optionees providing investor relations services to the Corporation);
- (d) The number of Common Shares reserved for issuance to insiders of the Corporation in any 12-month period may not exceed 10% of the issued and outstanding Common Shares unless disinterested shareholder approval is obtained;
- (e) Unless otherwise determined by the Board, options vest as follows: for grants to directors, officers, or management company employees, one-half on the grant date, and one-half on the one-year anniversary of date of grant; for consultants, one-third on the grant date, one-third on each of the one- and two-year anniversaries of the date of grant; for Optionees performing investor relations activities, one-quarter on each of the three-, six-, nine-, and twelve-month anniversaries of the date of grant.



- (f) If an Optionee ceases to be an Eligible Person, options granted to such Optionee must expire no later than one year thereafter, except that if an employee or consultant Optionee is terminated for cause, options held by such Optionee may not be exercised following the date upon which termination occurred.
- (g) Options granted under the Option Plan are non-transferrable, except by means of a will or pursuant to the laws of succession.

At the Meeting, Shareholders will be asked to consider and, if deemed advisable, to pass an ordinary resolution in substantially the following form:

**“BE IT RESOLVED THAT:**

1. The stock option plan of the Corporation, substantially in the form attached at Schedule “A” to the management information circular of the Corporation dated November 13, 2014, be and the same is hereby ratified, confirmed and approved as the stock option plan of the Corporation;
2. any director or officer be and is hereby authorized to amend the stock option plan of the Corporation should such amendments be required by applicable regulatory authorities including, but not limited to, the TSX Venture Exchange; and
3. any director or officer of the Corporation be, and such director or officer of the Corporation hereby is, authorized, instructed and empowered, acting for, in the name of and on behalf of the Corporation, to do or to cause to be done all such other acts and things in the opinion of such director or officer of the Corporation as may be necessary or desirable to satisfy securities and corporate regulators and in order to fulfill the intent of this foregoing resolution.”

**Unless otherwise instructed, the persons named in the enclosed proxy or voting instruction form intend to vote such proxy or instructions FOR the approval of the Option Plan.** The directors of the Corporation recommend that the shareholders vote in favour of the approval of the Option Plan. To be adopted, this resolution is required to be passed by the affirmative vote of a majority of the votes cast at the Meeting.

**5. Other Matters**

Management of the Corporation knows of no amendment, variation or other matter to come before the Meeting other than the matters referred to in the Notice of Meeting accompanying this Circular. However, if any other matter properly comes before the Meeting, the form of proxy furnished by the Corporation will be voted on such matters in accordance with the best judgment of the persons voting the proxy.

**EXECUTIVE COMPENSATION**

**Named Executive Officers**

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

- (a) a chief executive officer (“**CEO**”) of the Corporation;
- (b) a chief financial officer (“**CFO**”) of the Corporation;
- (c) if applicable, each of the Corporation’s three most highly compensated executive officers, or the three most highly compensated individuals acting in a similar capacity, other than the CEO and CFO, at the end of the most recently completed financial year whose total compensation was, individually, more than \$150,000, as determined in accordance with subsection 1.3(6) of Form 51-102F6 – *Statement of Executive Compensation*; and

- (d) each individual who would be an NEO under paragraph (c) above but for the fact that the individual was neither an executive officer of the Corporation, nor acting in a similar capacity, at the end of that financial year.

At the end of the Corporation's most recently completed financial year, being the year ended June 30, 2014, the Corporation had the following two NEOs: Fabio Chianelli, CEO, and Carmelo Marrelli, CFO.

### **Basis of Presentation**

The Corporation is the resulting issuer of a reverse take-over transaction ("**RTO**") completed on December 30, 2013. Pursuant to the RTO, Revive Therapeutics Inc. ("**Old Revive**"), a private Ontario company, acquired Mercury Capital II Limited ("**Mercury**"), a capital pool company listed on the TSX Venture Exchange. The RTO was structured as a triangular amalgamation under the *Business Corporations Act* (Ontario), pursuant to which shares of Old Revive were exchanged for shares of Mercury, Old Revive amalgamated with a subsidiary of Mercury, and the resulting company continued as a wholly-owned subsidiary of the Mercury. Mercury's name was changed to Revive Therapeutics Ltd.

Following the RTO, the Corporation adopted new executive compensation arrangements appropriate to its new status as a publicly-listed junior biotechnology company. The executive compensation disclosure contained in this Circular presents these compensation arrangements.

### **Compensation Discussion and Analysis**

#### *Objectives of Compensation Program*

The Board ensures that total compensation paid to all NEOs is fair and reasonable and is consistent with the Corporation's compensation philosophy. Compensation plays an important role in achieving short and long-term business objectives that ultimately drive business success. The Corporation's compensation philosophy is to foster entrepreneurship at all levels of the organization through, among other things, the granting of stock options, a significant component of executive compensation. This approach is based on the assumption that the performance of the Common Share price over the long term is an important indicator of long term performance.

The Corporation's compensation philosophy is based on the following principles:

1. *Compensation programs align with shareholder interests:* the Corporation aligns the goals of executives with maximizing long term shareholder value;
2. *Performance sensitive:* compensation for executive officers should be linked to operating and market performance of the Corporation and fluctuate with the performance; and
3. *Offer market competitive compensation to attract and retain talent:* the compensation program should provide market competitive pay in terms of value and structure in order to retain existing employees who are performing according to their objectives and to attract new individuals of the highest caliber.

The objectives of the NEO compensation program, which were developed based on this compensation philosophy, are as follows:

1. to attract and retain highly qualified executive officers;
2. to align the interests of executive officers with shareholders' interests and with the execution of the Corporation business strategy;
3. to evaluate executive performance on the basis of key measurements that correlate to long-term shareholder value; and
4. to tie compensation directly to those measurements and rewards based on achieving and exceeding predetermined objectives.

### ***Compensation Program***

The Corporation believes that transparent, objective and easily verified corporate goals, combined with individual performance goals, play an important role in creating and maintaining an effective compensation strategy for the NEOs. The Corporation's objective is to establish benchmarks and targets for its NEOs which, if achieved, will enhance shareholder value.

A combination of fixed and variable compensation is used to motivate executives to achieve overall corporate goals. For the 2014 financial year, the three basic components of executive officer compensation program were:

- fixed salaries/consulting fees;
- annual incentives (cash bonus); and
- option-based compensation.

Fixed salary comprises a portion of the total cash-based compensation; however, annual incentives and option based compensation represent compensation that is "at risk" and thus may or may not be paid to the respective executive officer depending on: (i) whether the executive officer is able to meet or exceed his or her applicable performance targets; and (ii) market performance of the Common Shares. To date, no specific formulae have been developed to assign a specific weighting to each of these components. Instead, the Board considers each performance target and the Corporation's performance and assigns compensation based on this assessment.

#### *Fixed Salaries/Consulting Fees*

The Corporation provides executive officers with base compensation in the form of a fixed annual salary or consulting fees, representing the minimum compensation for services rendered or expected to be rendered. An NEO's base salary depends on experience, responsibilities, current competitive market conditions, management effectiveness, proven or expected performance of the particular individual, and the Corporation's existing financial resources. Base salaries are reviewed annually by the Board.

#### *Annual Incentives*

NEOs are eligible to receive annual bonus payments from time to time at the Board's discretion. The Board determines annual incentive amounts in its discretion, based on the completion of individual completion of milestones set out by the Board, achievement of corporate goals, and benchmarks relating to the Corporation's overall performance. NEOs are also eligible to receive a bonus for extraordinary achievements from time to time.

#### *Stock Options*

Stock option grants are an integral component of the compensation arrangements of the executive officers of the Corporation. The Board believes that the grant of options to executive officers and Common Share ownership by such officers serves to motivate such officers to strive towards achievement of the Corporation's long-term strategic objectives, which will benefit all shareholders. Options are awarded to employees, including NEOs, at the Board's discretion. Decisions with respect to options granted are based upon the individual's level of responsibility and their contribution towards the Corporation's goals and objectives, and additionally may be awarded in recognition of the achievement of a particular goal or extraordinary service. The Board considers the overall number of options that are outstanding relative to the number of outstanding Common Shares in determining whether to make any new grants of options and the size of such grants.

#### *Determination of Compensation*

The Board is responsible for setting the overall compensation strategy of Revive and evaluating and making determinations for the compensation of its directors and executive officers. The Board annually reviews and determines base salary, incentive compensation and long-term compensation for Revive's directors and executive officers.

The Corporation is a research-stage biotechnology company and does not expect to generate revenues from operations in the foreseeable future. As a result, the Board does not consider traditional performance standards such as corporate profitability to be appropriate in the evaluation of corporate or executive officer performance. The compensation of executive officers is based, in part, on the Corporation's achievements during the year in advancing its products and accomplishing other business objectives, as well as the individual contributions and achievements of each executive officer. The Board did not establish any quantifiable criteria during the financial year ended June 30, 2014, with respect to base compensation payable or the amount of equity compensation granted to NEOs and did not benchmark against a peer group of companies.

The Board relies on the knowledge and experience of its members to set appropriate levels of compensation for executive officers. The independent members of the Board review the various elements of the NEOs' compensation in the context of the total compensation package (including salary, consulting fees and prior awards under the Corporation's stock option plan), and collaboratively formulate the NEOs' compensation packages. The NEOs' compensation packages are approved by the independent members of the Board.

The Corporation has not engaged any executive compensation consultant who has a role in determining or recommending the amount or form of executive officer compensation during the Corporation's two most recently completed financial years or since completion of the financial year ended June 30, 2014.

### ***Compensation Risk Considerations***

The Board is responsible for considering, establishing and reviewing executive compensation programs, including assessing whether the programs encourage unnecessary or excessive risk taking. The Corporation believes its compensation policies are balanced and do not motivate unnecessary or excessive risk taking. The Corporation does not currently have a policy that restricts directors or NEOs from purchasing financial instruments, including, for greater certainty, prepaid variable forward contracts, equity swaps, collars, or units of exchange funds that are designed to hedge or offset a decrease in market value of equity. However, to the knowledge of the Corporation as of the date of hereof, no director or NEO of the Corporation has participated in the purchase of such financial instruments.

Base salaries are fixed in amount thus do not encourage risk taking. While annual incentive awards focus on the achievement of short term or annual goals and short term goals may encourage the taking of short-term risks at the expense of long term results, the Corporation's annual incentive award program represents a small percentage of employee's compensation opportunities. Annual incentive awards are based on various personal and company-wide achievements. Such performance goals are subjective and include achieving individual and/or corporate targets and objectives, as well as general performance in day-to-day corporate activities that would trigger the award of a bonus payment to the NEO. The determination as to whether a target has been met is ultimately made by the Board (after receiving recommendations of the Compensation Committee) and the Board reserves the right to make positive or negative adjustments to any bonus payment if they consider them to be appropriate. Funding of the annual incentive awards is capped at the Corporation level and the distribution of funds to the executive officers is at the discretion of the Compensation Committee.

Stock option awards are important to further align employees' interests with those of the Shareholders. The ultimate value of the awards is tied to the Corporation's stock price and since awards are staggered and subject to long-term vesting schedules, they help ensure that NEOs have significant value tied into long-term stock price performance.

### **External Management Contracts**

#### ***Marrelli Consulting Agreement***

The Corporation has entered into a consulting agreement (the "**Marrelli Consulting Agreement**") with Carmelo Marrelli and Marrelli Support Services Inc. ("**MSSI**"), a private company, to provide the services of Mr. Marrelli as CFO of the Corporation. The term of the Marrelli Consulting Agreement commenced on January 8, 2014, and shall continue until terminated by either Mr. Marrelli or the Corporation. Pursuant to the Marrelli Consulting Agreement, Mr. Marrelli is entitled to receive monthly compensation of \$1,250 per month, and incentive stock option grants on a reasonable basis, consistent with the grant of options to other grantees. In addition, MSSI also provides bookkeeping services to the Corporation. Mr. Marrelli is the President of MSSI, and is not an employee of the Corporation.

### *Chianelli Consulting Agreement*

From September 1, 2012, to December 31, 2013, the Corporation was party to a consulting agreement (the “**Chianelli Consulting Agreement**”) with Fabiotech Inc., a private company that is wholly-owned by Fabio Chianelli, to provide the services of Mr. Chianelli as President of the Corporation. Pursuant to the Chianelli Consulting Agreement, Fabiotech Inc. is received \$8,000 plus taxes per month for Mr. Chianelli’s services.

### **Summary Compensation Table for NEOs**

The following tables provides information regarding NEO compensation for the Corporation the financial year ended June 30, 2014, and for the period from Sep 1, 2012 to Jun 30, 2013; and for individuals who were Mercury NEOs prior to the RTO, for the financial year ended June 30, 2013, and for period from August 7, 2012 to June 30, 2013:

Name and principal position	Period	Salary (\$)	Share-based awards (\$)	Option-based awards <sup>(1)</sup> (\$)	Non-equity incentive plan compensation		All other compensation (\$)	Pension value (\$)	Total compensation (\$)
					Annual incentive plans	Long-term incentive plans <sup>(2)</sup>			
Fabio Chianelli <i>CEO and former President</i> <sup>(3)(4)</sup>	Jul. 1, 2013 to Jun. 30, 2014	143,500 <sup>(5)(6)</sup>	N/A	33,759 <sup>(7)</sup>	Nil	N/A	N/A	N/A	<b>177,259</b>
	Sep. 1, 2012 to Jun. 30, 2013	80,000 <sup>(8)</sup>	N/A	N/A	N/A	N/A	N/A	N/A	<b>80,000</b>
Carmelo Marrelli <i>CFO</i> <sup>(9)</sup>	Jul. 1, 2013 to Jun. 30, 2014	23,880 <sup>(10)</sup>	Nil	4,501 <sup>(7)</sup>	Nil	Nil	Nil	Nil	<b>28,381</b>
	Sep. 1, 2012 to Jun. 30, 2013	2,500 <sup>(10)</sup>	N/A	N/A	N/A	N/A	N/A	N/A	<b>2,500</b>
Thomas Sears <i>Former CEO &amp; CFO</i> <sup>(3)(9)(11)</sup>	Jul. 1, 2013 to Jun. 30, 2014	N/A	N/A	3,144 <sup>(12)</sup>	N/A	N/A	N/A	N/A	<b>3,144</b>
	Aug. 7, 2012 to Jun. 30, 2013	N/A	N/A	Nil	N/A	N/A	N/A	N/A	<b>Nil</b>

Notes:

- (1) Grant date fair value calculations are based on the Black-Scholes Option Pricing Model and weighted average assumptions. Option-pricing models require the use of highly subjective estimates and assumptions including the expected stock price volatility. Changes in the underlying assumptions can materially affect the fair value estimates and therefore, in management’s opinion, existing models do not necessarily provide a reliable measure of the fair value of the Corporation’s share and option-based awards.
- (2) “Long term incentive plan” means any plan that provides compensation intended to motivate performance to occur over a period greater than one fiscal year, but does not include option or share-based awards.
- (3) Mr. Chianelli was appointed President of Old Revive on September 1, 2012. Upon completion of the RTO on December 30, 2013, Mr. Chianelli was appointed CEO of the Corporation, replacing Mr. Thomas Sears.
- (4) Mr. Chianelli also serves as a director of the Corporation.
- (5) Mr. Chianelli’s annual salary is \$175,000.
- (6) Includes \$56,000 paid to Fabiotech Inc. for Mr. Chianelli to provide services as President of Old Revive prior to completion of the RTO, and \$87,500 in salary paid to Mr. Chianelli as CEO of the Corporation thereafter.
- (7) On January 31, 2014, the Corporation granted 590,000 options to certain directors, officers, and consultants with an exercise price of \$0.66 and an expiry date of January 31, 2024, of which Mr. Chianelli received 75,000, and Mr. Marrelli received 10,000. The grant date fair value of these options was estimated assuming forfeiture rate of 0%, dividend yield of 0%, volatility of 100%, a risk-free interest rate of 1.95% and an expected life of 4 years. The grant date fair value assigned to all of the options granted was \$265,568.
- (8) Paid to Fabiotech Inc. for the services of Fabio Chianelli to act as President of Old Revive.
- (9) Mr. Marrelli was appointed CFO of Old Revive on July 14, 2013. Upon completion of the RTO on December 30, 2013, Mr. Marrelli resigned from that office, and was appointed CFO of the Corporation, replacing Mr. Thomas Sears.
- (10) Paid to MSSSI for the services of Carmelo Marrelli to act as CFO of the Corporation. In addition, MSSSI also provides bookkeeping services to the Corporation. Carmelo Marrelli is the President of MSSSI.
- (11) Mr. Sears served as CEO and CFO of the Corporation from August 7, 2012 to December 30, 2013, when he resigned from those offices pursuant to the RTO.
- (12) On December 30, 2013, pursuant to the RTO, the Corporation granted 119,273 options to certain directors, officers, and consultants with an exercise price of \$0.30 and an expiry date of December 30, 2014, of which Mr. Sears received 25,558. The grant date fair value of these options was estimated assuming forfeiture rate of 0%, dividend yield of 0%, volatility of 100%, a risk-free interest rate of 1.09% and an expected life of one year. The grant date fair value assigned to all of the options granted was \$14,671.

## Incentive Plan Awards to NEOs

### *Outstanding Option-based and Share-based Awards*

The following table sets out the outstanding option-based awards for each NEO as at June 30, 2014:

Name	No. of Common Shares underlying unexercised options (#)	Option exercise price (\$)	Option expiration date	Value of unexercised in-the-money options <sup>(1)</sup> (\$)
Fabio Chianelli	75,000	0.66	Jan. 31, 2024	Nil
Carmelo Marrelli	10,000	0.66	Jan. 31, 2024	Nil
Thomas Sears	25,558	0.30	Dec. 30, 2014	4,600

Notes:

- (1) Calculated using the closing price of the Common Shares on the TSX-V on June 30, 2014 of \$0.48 and subtracting the exercise price of in-the-money options. These options have not been, and may never be, exercised and actual gains, if any, on exercise will depend on the value of the Common Shares on the date of exercise.

The Corporation did not make any share-based award to any NEO during the financial year ended June 30, 2014, and there are no share-based awards outstanding.

### *Value Vested or Earned During the Year*

The following table provides information regarding the value vested or earned on incentive plan awards for each NEO during the financial year ended June 30, 2014:

Name	Option-based awards – Value vested during the year (\$) <sup>(1)</sup>	Share-based awards – Value vested (\$)	Non-equity incentive plan compensation – Value earned during the year (\$)
Fabio Chianelli	Nil	N/A	N/A
Carmelo Marrelli	Nil	N/A	N/A
Thomas Sears	Nil	N/A	N/A

Notes:

- (1) Aggregate dollar value that would have been realized if the options had been exercised on the vesting date (computed based on the difference between the market price of shares at exercise and the exercise price of the options on the vesting date).

## Pension Plan Benefits

As at the date of this Circular, the Corporation does not have a pension plan.

## Termination and Change of Control Benefits

Other than as described below, there are no agreements, compensation plans, contracts or arrangements whereby a NEO is entitled to receive payments from the Corporation in the event of the resignation, retirement or other termination of the NEO's employment with the Corporation, change of control of the Corporation or a change in the NEO's responsibilities following a change in control.

### *Fabio Chianelli*

Pursuant to the executive employment agreement between the Corporation and Fabio Chianelli dated January 1, 2014, in the event that Mr. Chianelli's employment is terminated by the Corporation without cause, the Corporation shall pay to Mr. Chianelli within 30 days of termination, (a) a lump sum severance payment equal to (i) Mr. Chianelli's annual salary at the time of termination and (ii) any bonus payment made or declared to Mr. Chianelli during the previously completed fiscal year, and (b) a payment in the amount of the annual bonus that would be payable to Mr. Chianelli assuming completion of all milestones during the year of termination, prorated for the period of Mr. Chianelli's employment in such year. In addition, the Corporation shall continue Mr. Chianelli's group

insured benefits until the earlier of (i) 12 months following termination, and (ii) the date that Mr. Chianelli obtains new coverage through alternate employment. The foregoing payments and benefits (“**Termination Benefits**”) shall also be payable to Mr. Chianelli within 30 days of termination if, following completion of a Change of Control (as defined below), Mr. Chianelli ceases to be employed by the Corporation for any reason (including by voluntary resignation) other than termination for cause.

A “**Change of Control**” is defined in Mr. Chianelli’s employment agreement as any of the following events: (a) if a person directly or indirectly acquires shares of the Corporation conferring 50% or more of the vote entitling such person to elect a majority of the Board by means of (i) a take-over bid made in accordance with the applicable provisions of the *Securities Act* (Ontario); (ii) stock market transactions; (b) a business combination of the Corporation with another entity which results in the holders of voting securities of the other entity holding 50% or more of the votes attached to outstanding voting securities of the resulting issuer; (c) if the individuals making up the Board as of January 8, 2014, and any new director appointed by the Board, or whose candidacy, presented by the Shareholders, was confirmed by a vote of at least three-fourths of the directors then in office or who were in office as of January 8, 2014, cease to constitute a majority of the members of the Board; (d) sale, lease, or exchange of all or substantially all of the assets of the Corporation, except in the ordinary course of business; and (e) any other transaction deemed to be a Change of Control for the purposes of the employment agreement in the Board’s discretion.

### Director Compensation

Directors of the Corporation are not paid for their services as directors or as members of committees of the Board. However, they are eligible to receive option grants as determined by the Board pursuant to the Option Plan.

The following table provides information regarding compensation paid to the Corporation’s directors, other than the NEOs, during the financial year ended June 30, 2014:

Name <sup>(1)</sup>	Fees Earned (\$)	Share-based awards (\$)	Option-based awards <sup>(3)</sup> (\$)	Non-equity incentive plan compensation (\$)	Pension Value (\$)	All other compensation (\$)	Total <sup>(2)</sup> (\$)
Craig Leon <sup>(4)</sup>	N/A	N/A	135,035 <sup>(5)</sup>	N/A	N/A	N/A	135,035
William Jackson <sup>(4)</sup>	N/A	N/A	45,012 <sup>(5)</sup>	N/A	N/A	N/A	45,012
Carlo Sansalone <sup>(4)</sup>	N/A	N/A	43,569 <sup>(5)(7)</sup>	N/A	N/A	N/A	43,569
Scott Johnson <sup>(6)</sup>	N/A	N/A	4,966 <sup>(8)</sup>	N/A	N/A	N/A	4,966
Anton Konvalov <sup>(6)</sup>	N/A	N/A	3,417 <sup>(8)</sup>	N/A	N/A	N/A	3,417
Reiza Rayman <sup>(6)</sup>	N/A	N/A	3,144 <sup>(8)</sup>	N/A	N/A	N/A	3,144

Notes:

- (1) Fabio Chianelli and Thomas Sears were directors and NEOs during the year ended June 30, 2014. Any compensation received by Messrs. Chianelli and Sears in their capacity as a director of the Corporation is reflected in the Summary Compensation Table for NEOs.
- (2) This table does not include any amount paid as reimbursement for expenses.
- (3) Grant date fair value calculations are based on the Black-Scholes Option Pricing Model. Option-pricing models require the use of highly subjective estimates and assumptions including the expected stock price volatility. Changes in the underlying assumptions can materially affect the fair value estimates and therefore, in management’s opinion, existing models do not necessarily provide a reliable measure of the fair value of the Corporation’s share and option-based awards.
- (4) Appointed effective December 30, 2013 pursuant to the RTO.
- (5) On January 31, 2014, the Corporation granted 590,000 options to certain directors, officers, and consultants with an exercise price of \$0.66 and an expiry date of January 31, 2024, of which Mr. Leon 300,000, Mr. Jackson received 100,000, and Mr. Sansalone received 75,000. The grant date fair value of these options was estimated assuming forfeiture rate of 0%, dividend yield of 0%, volatility of 100%, a risk-free interest rate of 1.95% and an expected life of 4 years. The grant date fair value assigned to all of the options granted was \$265,568.
- (6) Resigned effective December 30, 2013 pursuant to the RTO.
- (7) On December 30, 2013, pursuant to the RTO, the Corporation granted 65,933 options to certain directors, officers, and consultants with an exercise price of \$0.30 and an expiry date of July 9, 2023, of which Mr. Sansalone received 40,375. The grant date fair value of these options was estimated assuming forfeiture rate of 0%, dividend yield of 0%, volatility of 100%, a risk-free interest rate of 2.37% and an expected life of four years. The grant date fair value assigned to all of the options granted was \$16,021.
- (8) On December 30, 2013, pursuant to the RTO, the Corporation granted 119,273 options to certain directors, officers, and consultants with an exercise price of \$0.30 and an expiry date of December 30, 2014, of which Mr. Johnson received 40,375, Mr. Konvalov received 27,782, and Dr. Rayman received 25,558. The grant date fair value of these options was estimated assuming forfeiture rate of 0%, dividend yield of 0%, volatility of 100%, a risk-free interest rate of 1.09% and an expected life of one year. The grant date fair value assigned to all of the options granted was \$14,671.

## Incentive Plan Awards to Directors

### *Outstanding Share Awards and Option Awards*

The following table sets out the outstanding option-based awards for each director as at June 30, 2014:

Name	No. of Common Shares underlying unexercised options (#)	Option exercise price (\$)	Option expiration date	Value of unexercised in-the-money options <sup>(1)</sup> (\$)
Craig Leon	300,000	0.66	Jan. 31, 2024	Nil
William Jackson	100,000	0.66	Jan. 31, 2024	Nil
Carlo Sansalone	75,000	0.66	Jan. 31, 2024	Nil
	40,375	0.30	Jul. 9, 2023	7,268
Scott Johnson	40,375	0.30	Dec. 30, 2014	7,268
Anton Konovalov	27,782	0.30	Dec. 30, 2014	5,001
Reiza Rayman	25,558	0.30	Dec. 30, 2014	4,600

Notes:

- (1) Calculated using the closing price of the Common Shares on the TSX-V on June 30, 2014 of \$0.48 and subtracting the exercise price of in-the-money options. These options have not been, and may never be, exercised and actual gains, if any, on exercise will depend on the value of the Common Shares on the date of exercise.

The Corporation did not make any share-based awards during the financial year ended June 30, 2014, and there are no share-based awards outstanding.

### *Value Vested or Earned During the Year*

The following table provides information regarding the value vested or earned on incentive plan awards for each director during the year ended June 30, 2014:

Name	Option-based awards – Value vested during the year <sup>(1)</sup> (\$)	Share-based awards – Value vested (\$)	Non-equity incentive plan compensation – Value earned during the year (\$)
Craig Leon	Nil	N/A	N/A
William Jackson	Nil	N/A	N/A
Carlo Sansalone	Nil	N/A	N/A
Scott Johnson	Nil	N/A	N/A
Anton Konovalov	Nil	N/A	N/A
Reiza Rayman	Nil	N/A	N/A

Notes:

- (1) Aggregate dollar value that would have been realized if the options had been exercised on the vesting date (computed based on the difference between the market price of shares at exercise and the exercise price of the options on the vesting date).



## SECURITIES AUTHORIZED FOR ISSUANCE UNDER EQUITY COMPENSATION PLANS

The following table provides details of the equity securities of the Corporation authorized for issuance as of the financial year ended June 30, 2014, pursuant to the Corporation’s equity compensation plans currently in place:

Plan Category	Number of securities to be issued upon exercise of outstanding options, warrants and rights (a)	Weighted-average exercise price of outstanding options, warrants and rights (b)	Number of securities remaining available for future issuance under equity compensation plans (excluding securities reflected in column (a)) (c)
Equity compensation plans approved by securityholders <sup>(1)</sup>	755,206 Common Shares	\$0.57	1,136,009 Common Shares <sup>(2)</sup>
Equity compensation plans not approved by securityholders	N/A	N/A	N/A
Total	755,206 <sup>(3)</sup>		1,136,009 Common Shares

**Notes:**

- (1) The Corporation’s only equity compensation plan is the Option Plan, a rolling stock option plan. The number of shares which may be reserved for issuance under the Option Plan is limited to 10% of the issued and outstanding Common Shares on the options grant date.
- (2) Based on a total of 1,891,215 options issuable pursuant to the Option Plan as of the date of this Circular.
- (3) Representing approximately 4.0% of the issued and outstanding Common Shares as of the date of this Circular.

### STATEMENT OF CORPORATE GOVERNANCE

The description of the Corporation’s current corporate governance practices is provided in accordance with Form 58-101F2 of National Instrument 58-101 – *Disclosure of Corporate Governance Practices* (“NI 58-101”).

#### Board of Directors

NI 58-101 defines an “independent director” as a director who has no direct or indirect “material relationship” with the issuer. A “material relationship” is as a relationship which could, in the view of the Board, be reasonably expected to interfere with the exercise of a member’s independent judgment. The Board maintains the exercise of independent supervision over management by ensuring that the majority of its directors are independent.

The Board is currently comprised of four directors, being Craig Leon (Chair), Fabio Chianelli, Carlo Sansalone, and William Jackson. The Board has determined that each of Messrs. Leon, Sansalone, and Jackson are independent within the meaning of NI 58-101. Mr. Chianelli, who also serves as the Corporation’s CEO, is not independent within the meaning of NI 58-101 because he is an executive officer (as such term is defined in National Instrument 51-102 – *Continuous Disclosure Obligations*) of the Corporation and thereby has a material relationship with the Corporation.

The Board believes that it functions independently of management and reviews its procedures on an ongoing basis to ensure that it is functioning independently of management. The Board meets without management present, as circumstances require. When conflicts arise, interested parties are precluded from voting on matters in which they may have an interest. In light of the suggestions contained in National Policy 58-201 – *Corporate Governance Guidelines*, the Board convenes meetings of the independent directors as deemed necessary, at which non-independent directors and members of management are not in attendance.

#### Other Public Company Directorships

None of the directors of the Corporation are presently directors of other reporting issuers.

#### Orientation and Continuing Education of Board Members

While the Corporation does not currently have a formal orientation and education program for new members of the Board, the Corporation provides such orientation and education on an ad hoc and informal basis. The directors

believe that these procedures are a practical and effective approach in light of the Corporation's particular circumstances, including the size of the Corporation, the number, experience and expertise of its directors.

### **Ethical Business Conduct**

The directors' maintain that the Corporation must conduct and be seen to conduct its business dealings in accordance with all applicable laws and the highest ethical standards. The Corporation's reputation for honesty and integrity amongst its shareholders and other stakeholders is key to the success of its business. No employee or director will be permitted to achieve results through violation of laws or regulations, or through unscrupulous dealings.

Any director with a conflict of interest or who is capable of being perceived as being in conflict of interest with respect to the Corporation must abstain from discussion and voting by the board of directors or any committee of the board of directors on any motion to recommend or approve the relevant agreement or transaction. The board of directors must comply with conflict of interest provisions of the OBCA.

### **Nomination of Directors**

Both the directors and management are responsible for selecting nominees for election to the board of directors. At present, there is no formal process established to identify new candidates for nomination. The board of directors and management determine the requirements for skills and experience needed on the board of directors from time to time. The present Board and management expect that new nominees have a track record in general business management, special expertise in an area of strategic interest to the Corporation, the ability to devote the time required, support for the Corporation's business objectives and a willingness to serve.

### **Compensation**

The Board is directly responsible for determining compensation of directors and management. The Board does not currently have a compensation committee. The Board reviews the Corporation's compensation policies and remuneration of directors and management annually, including base salaries, bonuses, and stock option plans including the Option Plan and grants thereunder, and other forms of compensation. For more information on the Corporation's compensation practices, please see the section of this Circular entitled "*Executive Compensation*".

### **Other Board Committees**

The Board has no standing committees other than the Audit Committee.

### **Assessments**

The Board does not consider formal assessments useful given the stage of the Corporation's business and operations. However, the directors' believe that nomination to the Board is not open ended and that directorships should be reviewed carefully for alignment with the strategic needs of the Corporation. To this extent, the directors constantly review (i) individual director performance and the performance of the board of directors as a whole, including processes and effectiveness; and (ii) the performance of the Chairman, if any, of the board of directors. A more formal assessment process will be instituted if and when the Board considers it to be advisable.

## **AUDIT COMMITTEE INFORMATION**

National Instrument 52-110 – *Audit Committees* ("NI 52-110") requires the Corporation, as a venture issuer, to disclose annually in its information circular certain information concerning the constitution of its Audit Committee and its relationship with its independent auditor.

The audit committee of the Corporation's board of directors ("**Audit Committee**") is responsible for monitoring the Corporation's systems and procedures for financial reporting and internal control, reviewing certain public disclosure documents and monitoring the performance and independence of the Corporation's external auditors. The committee is also responsible for reviewing the Corporation's annual audited financial statements, unaudited quarterly financial statements and management's discussion and analysis of financial results of operations for both

annual and interim financial statements and review of related operations prior to their approval by the full board of directors.

### **Audit Committee Charter**

The full text of the charter of the Audit Committee is attached hereto as Appendix “B”.

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

The Audit Committee members are William Jackson (Chair), Craig Leon, and Carlo Sansalone, each of whom is a director, and considered financially literate and independent in accordance with National Instrument 52-110 – *Continuous Disclosure Obligations* (“**NI 52-110**”).

To be considered independent, a member of the Audit Committee must not have any direct or indirect “material relationship” with the Corporation. A “material relationship” is a relationship which could, in the view of the board of directors of the Corporation, be reasonably expected to interfere with the exercise of a member’s independent judgment.

To be considered financially literate, a member of the Committee must have 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 the issues that can reasonably be expected to be raised by the Corporation’s financial statements.

### **Relevant Education and Experience**

The following table summarizes the relevant education and experience of the members of the Audit Committee:

<b>Name of Member</b>	<b>Education</b>	<b>Experience</b>
William Jackson (Chair)	Undergraduate and Graduate degrees Business and Accounting University of Western Ontario (1980) and University of Windsor (1982)	Mr. Jackson has over 20 years’ experience with private and public companies, including senior management positions and directorships, and as such he has a comprehensive understanding of the accounting principles used by such companies to prepare financial statements.
Craig Leon	B.A., McGill University (1990); M.B.A., York University (1993).	Mr. Leon brings extensive financial management and risk assessment experience to the Audit Committee. He has served as CEO and Chairman of the Board of Titan Medical Inc., a publicly-listed medical device company, and as CFO and COO of Redwood Asset Management Inc. from August 2003 to July 2009. Mr. Leon has held a variety of financial analysis and management positions, and has acted as a consultant for evaluating strategic investment opportunities and potential acquisition candidates. As such, he has experience in preparing, analyzing and evaluating financial statements
Carlo Sansalone	B.Comm., Ryerson University (2000).	Mr. Sansalone has acquired knowledge of effective financial management best practices and an understanding of how to help make a company cost-competitive and profitable through education, and experience as president of Sansalone Construction Ltd.

### **External Auditor Matters**

Since the commencement of the Corporation’s most recently completed financial year, the Corporation’s directors have not failed to adopt a recommendation of the Audit Committee to nominate or compensate an external auditor and the Corporation has not relied on the exemptions contained in sections 2.4 or 8 of NI 52-110. Section 2.4 provides an exemption from the requirement that the Audit Committee must pre-approve all non-audit services to be provided by the auditor, where the total amount of fees related to the non-audit services are not expected to exceed 5% of the total fees payable to the auditor in the financial year in which the non-audit services were provided. Part 8 permits a company to apply to a securities regulatory authority for an exemption from the requirements of NI 52-110, in whole or in part.

The Audit Committee has not adopted specific policies and procedures for the engagement of non-audit services. Subject to the requirements of NI 52-110, the engagement of non-audit services is considered by the Corporation's directors and, where applicable, the Audit Committee, on a case-by-case basis.

The following table discloses the service fees billed to the Corporation by its external auditor during the last two completed financial years:

<b>Financial Year Ending</b>	<b>Audit Fees<sup>(1)</sup></b>	<b>Audit Related Fees<sup>(2)</sup></b>	<b>Tax Fees<sup>(3)</sup></b>	<b>All Other Fees<sup>(4)</sup></b>
June 30, 2014	\$13,000	Nil	Nil	Nil
June 30, 2013	\$10,000	\$7,500	\$3,000	Nil

Notes:

- (1) The aggregate fees billed for professional services rendered by the auditor for the audit of the Corporation's annual financial statements as well as services provided in connection with statutory and regulatory filings.
- (2) The aggregate fees billed for professional services rendered by the auditor and consisted primarily of file quality review fees and fees for the review of quarterly financial statements and related documents.
- (3) Aggregate fees billed for tax compliance, tax advice and tax planning professional services. These services included reviewing tax returns and assisting in responses to government tax authorities.
- (4) No other fees were billed by the auditor of the Corporation other than those listed in the other columns.

### **Exemption**

Since the Corporation is a "venture issuer" pursuant to NI 52-110 (its securities are not listed or quoted on any of the Toronto Stock Exchange, a market in the U.S., or a market outside of Canada and the U.S.), it is exempt from the requirements of Part 3 (Composition of the Audit Committee) and Part 5 (Reporting Obligations) of NI 52-110.

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

During the year ended June 30, 2014, no director, executive officer, or associate of any director or executive officer of the Corporation was indebted to the Corporation, nor were any of these individuals indebted to any other entity which indebtedness was the subject of a guarantee, support agreement, letter of credit or similar arrangement or understanding provided by the Corporation, including under any securities purchase or other program.

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

None of the informed persons (as such term is defined in NI 51-102) of the Corporation, any proposed director of the Corporation, or any associate or affiliate of any informed person or proposed director, has had any material interest, direct or indirect, in any transaction of the Corporation since the commencement of the Corporation's most recently completed financial year or in any proposed transaction which has materially affected or would materially affect the Corporation or any of its subsidiaries.

### **MANAGEMENT CONTRACTS**

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

### **ADDITIONAL INFORMATION**

Additional information relating to the Corporation may be found under the Corporation's profile on SEDAR at [www.sedar.com](http://www.sedar.com). Inquiries, including requests for copies of the Corporation's financial statements and management's discussion and analysis for the year ended June 30, 2014, may be directed to the Corporation by telephone at 1 (905) 605-5535. Additional financial information is provided in the Corporation's comparative financial statements and management's discussion and analysis for the year ended June 30, 2014, which are also available on SEDAR.

**APPROVAL**

The contents of this Circular and the sending thereof to the Shareholders have been approved by the Board.

**DATED** this 13<sup>th</sup> day of November, 2014.

**BY ORDER OF THE BOARD OF DIRECTORS OF  
REVIVE THERAPEUTICS LTD.**

*(signed) "Fabio Chianelli"*

Fabio Chianelli  
Chief Executive Officer and Director

**SCHEDULE "A"**  
**STOCK OPTION PLAN**

(please see attached)

**STOCK OPTION PLAN OF  
MERCURY CAPITAL II LIMITED**  
(approved by directors on May 22, 2013)

**PART 1 - INTRODUCTION**

**1.01 Purpose**

The purpose of the Plan is to secure for the Corporation and its shareholders the benefits of incentive inherent in share ownership by the directors, officers, key employees and, subject to the terms and conditions herein, consultants of the Corporation and its Affiliates who, in the judgment of the Board, will be largely responsible for its future growth and success.

**1.02 Definitions**

- (a) "Affiliate" has the meaning ascribed thereto in the *Business Corporations Act* (Ontario) as amended from time to time.
- (b) "Blackout Period" means a period during which the Corporation prohibits Optionees from exercising their Options.
- (c) "Board" means the board of directors of the Corporation.
- (d) "Completion of the Qualifying Transaction" has the meaning ascribed to such term in Policy 2.4.
- (e) "Consultant" has the meaning ascribed to such term in Policy 4.4.
- (f) "Corporation" means Mercury Capital II Limited, a corporation duly incorporated under the laws of the Province of Ontario, and its Affiliates, if any.
- (g) "Discounted Market Price" has the meaning ascribed to such term in Policy 1.1.
- (h) "Eligible Person" shall mean an officer or director of the Corporation ("**Executive**") or an employee of the Corporation ("**Employee**") or a Management Company Employee or a Consultant.
- (i) "Exchange" means the TSX Venture Exchange.
- (j) "Exercise Notice" means the notice respecting the exercise of an Option, substantially in the form attached to the Option Certificate, duly executed by the Optionee.
- (k) "Exercise Price" means the price at which an Option may be exercised as determined in accordance with section 2.03.
- (l) "Final Exchange Bulletin" has the meaning ascribed thereto in the Policy 2.4.
- (m) "Insider" means (i) an insider as defined in the *Securities Act* (Ontario), other than a person who falls within the definition solely by virtue of being a director or senior officer of a subsidiary of the Corporation, and (ii) an associate of any person who is an insider by virtue of the preceding sub-clause (i).
- (n) "Investor Relations Activities" has the meaning ascribed to such term in Policy 1.1.
- (o) "Listing Date" means the date the Shares are listed and posted for trading on the Exchange.

- (p) "Management Company Employee" has the meaning ascribed to such term in Policy 4.4.
- (q) "Material Information" has the meaning ascribed to such term in Policy 1.1.
- (r) "Option" shall mean an option granted under the terms of the Plan.
- (s) "Option Certificate" means the certificate, substantially in the form set out as Schedule "A" hereto, evidencing an Option.
- (t) "Option Period" shall mean the period during which an option may be exercised.
- (u) "Optionee" shall mean an Eligible Person to whom an Option has been granted under the terms of the Plan.
- (v) "Outstanding Issue" means the number of Shares outstanding on a non-diluted basis.
- (w) "Plan" means the stock option plan established and operated pursuant to Part 2 hereof.
- (x) "Policy 1.1" means the Exchange's Policy 1.1 entitled "Interpretation" as amended from time to time.
- (y) "Policy 2.4" means the Exchange's Policy 2.4 entitled "Capital Pool Companies" as amended from time to time.
- (z) "Policy 4.4" means the Exchange's Policy 4.4 entitled "Incentive Stock Options" as amended from time to time.
- (aa) "Shares" shall mean the common shares of the Corporation.

## **PART 2 - SHARE OPTION PLAN**

### **2.01 Participation**

Options shall be granted only to Eligible Persons.

### **2.02 Determination of Option Recipients**

The Board shall make all necessary or desirable determinations regarding the granting of Options to Eligible Persons and may take into consideration the present and potential contributions of a particular Eligible Person to the success of the Corporation and any other factors which it may deem proper and relevant.

### **2.03 Price**

The price at which an Optionee may purchase a Share upon the exercise of an Option shall be determined from time to time by the Board and shall be as set forth in the Option Certificate issued in respect of such Option but, in any event, shall not be less than the Discounted Market Price. Notwithstanding the foregoing, from the Listing Date and until Completion of the Qualifying Transaction the Exercise Price per Share when Options are granted shall not be less than the greater of \$0.10 and the Discounted Market Price.

### **2.04 Grant of Options**

The Board may at any time authorize the granting of Options to such Eligible Persons as it may select for the number of Shares that it shall designate, subject to the provisions of the Plan. The date of each grant of Options shall be determined by the Board when the grant is authorized.



From the Listing Date and until Completion of the Qualifying Transaction the Board shall not grant Options to an Eligible Person providing Investor Relations Activities.

In the event that Options are granted to Employees, Management Company Employees or Consultants, the Corporation represents that such Optionees shall be bona fide Employees, Management Company Employees or Consultants, as the case may be.

The Corporation may at the time of granting options hereunder provide for additional terms and conditions which are not inconsistent with Part 2 hereof including, without limitation, terms and conditions deferring or delaying the date at which an Option may be exercised in whole or in part. Such additional terms and conditions shall be as set forth in the Option Certificate issued in respect of such Option

## **2.05 Term of Options**

Unless otherwise expired pursuant to the terms of the Plan, all Options granted to an Optionee pursuant to this Plan shall expire at the close of business ten (10) years from the date of grant, or earlier date as the Board shall decide when the Option is granted.

Upon the expiration of the Option Period the Options granted shall forthwith expire and terminate and be of no further force or effect whatsoever as to such of the Shares in respect of which the Option hereby granted has not then been exercised.

Notwithstanding the foregoing, if the expiration of the Option Period falls within a Blackout Period the expiration of the Option Period shall be automatically extended for ten (10) business days after the expiry of the Blackout Period on the condition that (i) the Blackout Period was formally imposed by the Corporation pursuant to its internal trading policies as a result of the bona fide existence of undisclosed Material Information, (ii) the Blackout Period must be deemed to have expired upon the general disclosure of the undisclosed Material Information, and (iii) the automatic extension of an Optionee's options will not be permitted where the Optionee or the Corporation is subject to a cease trade order (or similar order under applicable securities laws) in respect of the Corporation's securities.

No Optionee or his or her legal representative, legatees or distributees will be, or will be deemed to be, a holder of any Shares subject to an Option, unless and until certificates for such Shares are issued to him, her or them or a securities intermediary with whom the Optionee (or his or her legal representative, legatees or distributees) has an account, is recorded as the owner of such Shares in a book-entry system under the terms of the Plan.

## **2.06 Exercise of Options**

Except as set forth in section 2.10, no Option may be exercised unless the Optionee is at the time of such exercise;

- (a) in the case of an Employee, in the employ of the Corporation or any Affiliate and shall have been continuously so employed since the grant of his or her Option, or have been a Consultant of the Corporation during such time thereafter, but absence on leave, having the approval of the Corporation or such Affiliate, shall not be considered an interruption of employment for any purpose of the Plan;
- (b) in the case of a Consultant, under contract with the Corporation or any Affiliate and shall have been continuously so contracted since the grant of the Option; or
- (c) in the case of an Executive, a director or officer of the Corporation or any Affiliate and shall have been such a director or officer continuously since the grant of his or her Option.

No Option may be exercised by an Optionee until the Plan has been approved by the shareholders of the Corporation.

The exercise of any Option will be contingent upon receipt by the Corporation of cash payment of the full Exercise Price of the Shares being purchased by 5:00 p.m. (EST) on the last day of the Option Period by delivering to the Corporation an Exercise Notice, the applicable Option Certificate and a certified cheque or bank draft payable to the Corporation in an amount equal to the aggregate Exercise Price of the Shares to be purchased pursuant to the exercise of the Option.

Notwithstanding anything to the contrary herein, Options granted prior to the issuance of the Final Exchange Bulletin may not be exercised before the Completion of the Qualifying Transaction unless the Optionee agrees in writing to deposit the shares acquired into escrow until the issuance of the Final Exchange Bulletin.

## **2.07 Vesting of Options**

### Executives, Employees and Management Company Employees

All Options granted to an Executive, Employee or Management Company Employee pursuant to this Plan shall vest and become fully exercisable as follows or as determined by the Board when the Option is granted:

- (a) one half (1/2) of the Options on the date of grant; and
- (b) the final one half (1/2) of the Options on the date which is one (1) year from the date said Options are granted.

### Consultants

All Options granted to Consultants pursuant to this Plan shall vest and become full exercisable as follows or as determined by the Board when the Option is granted:

- (a) one third (1/3) of the Options on the date of grant;
- (b) one third (1/3) of the Options on the date which is one (1) year from the date said Options are granted; and
- (c) the final one third (1/3) of the Options on the date which is two (2) years from the date said Options are granted.

### Optionees performing Investor Relations Activities

All Options granted to Optionees performing Investor Relations Activities pursuant to this Plan shall vest and become full exercisable as follows or as determined by the Board when the Option is granted, but in any event such Options shall not vest any sooner:

- (a) one quarter (1/4) of the Options on the date which is three (3) months from the date said Options are granted;
- (b) one quarter (1/4) of the Options on the date which is six (6) months from the date said Options are granted;
- (c) one quarter (1/4) of the Options on the date which is nine (9) months from the date said Options are granted; and
- (d) the final one quarter (1/4) of the Options on the date which is twelve (12) months from the date said Options are granted.

## **2.08 Restrictions on Grant of Options**

The granting of Options shall be subject to the following conditions:

- (a) not more than two (2%) percent of the Outstanding Issue may be granted to any one Consultant in any 12 month period;
- (b) not more than an aggregate of two (2%) percent of the Outstanding Issue may be granted in aggregate to Eligible Persons conducting Investor Relations Activities in any 12 month period;
- (c) unless the Corporation has obtained disinterested shareholder approval, not more than five (5%) percent of the Outstanding Issue may be issued to any one individual in any 12 month period;
- (d) unless the Corporation has obtained disinterested shareholder approval, not more than an aggregate of ten (10%) percent of the Outstanding Issue may be issued to Insiders in any 12 month period; and
- (e) unless the Corporation has obtained disinterested shareholder approval, the Corporation shall not decrease the Exercise Price of Options previously granted to Insiders.

If disinterested shareholder approval is required, the proposed grant(s) or plan must be approved by a majority of the votes cast by all shareholders at the shareholders' meeting excluding votes attaching to shares beneficially owned by (i) Insiders to whom options may be granted under the stock option plan; and (ii) Associates of such Insiders. Holders of non-voting and subordinate voting shares must be given full voting rights on a resolution that requires disinterested shareholder approval.

## **2.09 Lapsed Options**

If Options are surrendered, terminated or expire without being exercised in whole or in part, new Options may be granted covering the Shares not purchased under such lapsed Options.

## **2.10 Effect of Termination of Employment, Death or Disability**

- (a) If an Optionee shall die while employed by the Corporation or its Affiliate, or while an Executive, any Options held by the Optionee at the date of death, which have vested pursuant to section 2.07, shall become exercisable, in whole or in part, but only by the persons or persons to whom the Optionee's rights under the Option shall pass by the Optionee's will or the laws of descent and distribution (the "**Successor Optionee**"). Notwithstanding the foregoing, the Board, in its discretion, may resolve that all of the Options held by an Optionee at the date of death which have not yet vested shall vest immediately upon death. All such Options shall be exercisable only to the extent that the Optionee was entitled to exercise the Option at the date of his or her death and only for one (1) year after the date of death or prior to the expiration of the Option Period in respect thereof, whichever is sooner, except that in the event the expiration of the Option Period is earlier than one (1) year after the date of death, with the consent of the Exchange, the Options shall be exercisable for up to one (1) year after the date of death of the Optionee.
- (b) If the employment of an Optionee shall terminate due to disability while the Optionee is employed by the Corporation or its Affiliate, any Option held by the Optionee on the date the employment of the Optionee is terminated due to disability, which have vested pursuant to section 2.07, shall become exercisable, in whole or in part. Notwithstanding the foregoing, the Board, in its discretion, may resolve that all of the Options held by an Optionee on the date the employment of the Optionee is terminated due to disability which have not yet vested shall vest immediately upon such date. All such Options shall be exercisable only to the extent that the Optionee was entitled to exercise the Option at the date of his or her termination due to disability and only for one (1) year after the date of termination or prior to the expiration of the Option Period in respect thereof, whichever is sooner,

provided that Options that become exercisable due to disability shall only be exercisable by the person or persons who have the legal authority to act on behalf of the Optionee in connection with the rights of the Optionee to the Option.

- (c) Subject to section 2.10(d), Options granted to any Optionee must expire not later than one (1) year following the date the Optionee ceases to be an Executive, Employee, Consultant or Management Company Employee, which shall be determined by the Board at the time of each grant. Notwithstanding the foregoing, the Board, in its discretion, may resolve that all of the Options held by an Optionee on the date the Optionee ceases to be an Executive, Employee, Consultant or Management Company Employee which have not yet vested shall vest immediately upon such date.
- (d) If the employment of an Employee or Consultant is terminated for cause no Option held by such Optionee may be exercised following the date upon which Termination occurred.

### **2.11 Effect of Amalgamation, Consolidation or Merger**

If the Corporation amalgamates, consolidates with or merges with or into another corporation any Shares receivable on the exercise of an Option shall be converted into the securities, property or cash which the Optionee would have received upon such amalgamation, consolidation or merger if the Optionee had exercised his or her option immediately prior to the record date applicable to such amalgamation, consolidation or merger, and the Exercise Price shall be adjusted appropriately by the Board and such adjustment shall be binding for all purposes of the Plan.

### **2.12 Adjustment in Shares Subject to the Plan**

If there is any change in the Shares through or by means of a declaration of stock dividends of Shares or consolidations, subdivisions or reclassification of Shares, or otherwise, the number of Shares available under the Plan, the Shares subject to any Option, and the Exercise Price thereof shall be adjusted appropriately by the Board and such adjustment shall be effective and binding for all purposes of the Plan.

### **2.13 Hold Period**

All Options and any Shares issued on the exercise of Options may be subject to and legended with a four month hold period commencing on the date the Options were granted pursuant to the rules of the Exchange and applicable securities laws. Any Shares issued on the exercise of Options may be subject resale restrictions contained in National Instrument 45-102 – *Resale of Securities* which would apply to the first trade of the Shares.

### **2.14 Notification of Grant of Option**

Following the granting of an Option by the Board, the Corporation shall notify the Optionee in writing of the Option and shall enclose with such notice the Option Certificate representing the Option so granted. Each Optionee, concurrently with the notice of the grant of an Option, shall be provided with a copy of the Plan.

### **2.15 Options Granted To Corporations**

Except in relation to a Consultant that is a corporation, Options may only be granted to an individual or a corporation that is wholly-owned by an Eligible Person. If a corporation is an Optionee, it must provide the Exchange with a completed Form 4F – *Certification and Undertaking Required from a Corporation Granted an Incentive Stock Option*. The corporation must agree not to effect or permit any transfer of ownership or option of shares of the corporation nor to issue further shares of any class in the corporation to any other individual or entity as long as the Option remains outstanding, except with the written consent of the Exchange.

## **PART 3 - GENERAL**

### **3.01 Number of Shares**

The aggregate number of Shares that may be reserved for issuance, from time to time, under the Plan shall not exceed ten (10%) percent of the total Outstanding Issue. Notwithstanding the foregoing, from the Listing Date and until Completion of the Qualifying Transaction the aggregate number of Shares that may be reserved for issuance, from time to time, under the Plan shall not exceed ten (10%) percent of the total Outstanding Issue upon completion of the Corporation's initial public offering.

### **3.02 Transferability**

All benefits, rights and options accruing to any Optionee in accordance with the terms and conditions of the Plan shall not be transferable or assignable unless specifically provided herein. During the lifetime of an Optionee, all benefits, rights and options may only be exercised by the Optionee.

### **3.03 Employment**

Nothing contained in any Plan shall confer upon any Optionee any right with respect to employment or continuance of employment with the Corporation or any Affiliate, or interfere in any way with the right of the Corporation or any Affiliate to terminate the Optionee's employment at any time. Participation in any Plan by an Optionee is voluntary.

### **3.04 Approval of Plan**

Options issued under the Plan shall only become exercisable after the Plan has been approved by the shareholders of the Corporation; provided, however:

- (a) unless consistent with the terms contained herein and approved by the Board, nothing contained herein shall in any way affect Options previously granted by the Corporation and currently outstanding;
- (b) the Plan must receive shareholder approval yearly, at the Corporation's annual general meeting.

The obligation of the Corporation to sell and deliver Shares in accordance with the Plan is subject to the approval of any governmental authority having jurisdiction or any stock exchanges on which the Shares are listed for trading which may be required in connection with the authorization, issuance or sale of such Shares by the Corporation. If any Shares cannot be issued to any Optionee for any reason including, without limitation, the failure to obtain such approval, then the obligation of the Corporation to issue such Shares shall terminate and any Optionee's option price paid to the Corporation shall be returned to the Optionee.

### **3.05 Administration of the Plan**

The Board is authorized to interpret the Plan from time to time and to adopt, amend and rescind rules and regulations for carrying out the Plan. The interpretation and construction of any provision of the Plan by the Board shall be final and conclusive. Administration of the Plan shall be the responsibility of the appropriate officers of the Corporation and all costs in respect thereof shall be paid by the Corporation.

### **3.06 Income Taxes**

As a condition of and prior to participation in the Plan, if requested by the Board, a Optionee shall authorize the Corporation in written form to withhold from any remuneration otherwise payable to such Optionee any amounts required by any taxing authority to be withheld for taxes of any kind as a consequence of such participation in the Plan.

In addition, if the Corporation is required under the *Income Tax Act* (Canada) or any other applicable law to make source deductions in respect of employee stock option benefits to the Optionee 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 Shares on exercise of Options, then the Optionee shall (i) pay to the Corporation, in addition to the

Exercise Price for the Options, sufficient cash as is reasonably determined by the Corporation to be the amount necessary to permit the required tax remittance, (ii) authorize the Corporation, on behalf of the Optionee, to sell in the market on such terms and at such time or times as the Corporation determines a portion of the 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 Corporation to fund the required tax remittance.

### **3.07 Amendments to the Plan**

The Board reserves the right to amend, modify or terminate the Plan at any time if and when it is advisable in the absolute discretion of the Board. However, any amendments of the Plan which could result, at any time, in:

- (a) a material increase in the benefits under the Plan; or
- (b) an increase in the number of Shares which would be issued under the Plan (except any increase resulting automatically from an increase in the total Outstanding Issue); or
- (c) a material modification in the requirement as to eligibility for participation in the Plan;

shall be effective only upon the approval of the shareholders of the Corporation. Any amendment to any provision of the Plan shall be subject to approval, if required, by any regulatory body having jurisdiction over the securities of the Corporation.

### **3.08 No Representation or Warranty**

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

### **3.09 Interpretation**

The Plan will be governed by and construed in accordance with the laws of the Province of Ontario and the laws of Canada applicable therein.

### **3.10 Compliance with Applicable Law, etc.**

If any provision of the Plan or of any Option Certificate delivered pursuant to the Plan contravenes any law or any order, policy, by-law or regulation of any regulatory body or stock exchange having authority over the Corporation or the Plan then such provision shall be deemed to be amended to the extent required to bring such provision into compliance therewith.

### **3.11 Policy 2.4**

Notwithstanding anything to the contrary herein, any Options granted prior to the issuance of the Final Exchange Bulletin must comply with Policy 2.4.

**SCHEDULE "A"**  
**MERCURY CAPITAL II LIMITED**

**STOCK OPTION PLAN**  
**OPTION CERTIFICATE**

This Certificate is issued pursuant to the provisions of the Mercury Capital II Limited (the "**Corporation**") stock option plan (the "**Plan**") and evidences that ● is the holder (the "**Optionee**") of an option (the "**Option**") to purchase up to ● common shares (the "**Shares**") in the capital stock of the Corporation at a purchase price of \$ ● per Share (the "**Exercise Price**").

Subject to the provisions of the Plan:

- (a) the effective date of the grant of the Option is ● ;
- (b) the Option Period expires at 5:00 p.m. (EST) on ● ; and
- (c) the Options shall vest as follows ● ;

The vested portion or portions of the Option may be exercised at any time and from time to time from and including the date of the grant of the Option through to 5:00 p.m. (EST) on the expiration date of the Option Period by delivering to the Corporation an Exercise Notice, in the form attached, together with this Certificate and a certified cheque or bank draft payable to the Corporation in an amount equal to the aggregate of the Exercise Price of the Shares in respect of which the Option is being exercised.

This Certificate and the Option evidenced hereby is not assignable, transferable or negotiable and is subject to the detailed terms and conditions contained in the Plan, the terms and conditions of which the Optionee hereby expressly agrees with the Corporation to be bound by. This Certificate is issued for convenience only and in the case of any dispute with regard to any matter in respect hereof, the provisions of the Plan and the records of the Corporation shall prevail.

All terms not otherwise defined in this Certificate shall have the meanings given to them under the Plan.

Dated this ● day of ● , ● .

**MERCURY CAPITAL II LIMITED**

Per:

\_\_\_\_\_  
Authorized Signatory

**MERCURY CAPITAL II LIMITED**

**STOCK OPTION PLAN**  
**EXERCISE NOTICE**

**TO: Mercury Capital II Limited (the "Corporation")**

The undersigned, being the holder of options to purchase \_\_\_\_\_ common shares of Mercury Capital II Limited at the exercise price of \_\_\_\_\_ per share, hereby irrevocably gives notice, pursuant to the stock option plan of the Corporation (the "**Plan**"), of the exercise of the Option to acquire and hereby subscribes for \_\_\_\_\_ of such common shares of the Corporation.

The undersigned tenders herewith a certified cheque or bank draft payable to the Corporation in an amount equal to the aggregate Exercise Price of the aforesaid common shares exercised and directs the Corporation to issue a share certificate evidencing said common shares in the name of the undersigned to be mailed to the undersigned at the following address:

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

By executing this Exercise Notice, the undersigned hereby confirms that the undersigned has read the Plan and agrees to be bound by the provisions of the Plan. All terms not otherwise defined in this Exercise Notice shall have the meanings given to them under the Plan or the attached Option Certificate.

DATED the \_\_\_\_\_ day of \_\_\_\_\_, \_\_\_\_\_.

\_\_\_\_\_  
**Signature of Option Holder**



**SCHEDULE "B"**  
**AUDIT COMMITTEE CHARTER**

(please see attached)

**REVIVE THERAPEUTICS LTD.**  
**(the “Company”)**

**CHARTER OF THE AUDIT COMMITTEE  
OF THE BOARD OF DIRECTORS**

**I. PURPOSE**

The Audit Committee is a committee of the board of directors (the “**Board**”) of the Company. The function of the Audit Committee is to assist the Board in fulfilling its responsibilities to the shareholders of the Company, the securities regulatory authorities and stock exchanges, the investment community and others by:

- (a) reviewing the annual and interim (quarterly) financial statements, related management discussion and analysis (“**MD&A**”) and, where applicable, other financial information disclosed by the Company to any governmental body or the public, prior to its approval by the Board;
- (b) overseeing the review of interim (quarterly) financial statements and/or MD&A by the Company’s external auditor;
- (c) recommending the appointment and compensation of the Company’s external auditor, overseeing the external auditor’s qualifications and independence and providing an open avenue of communication among the external auditor, financial and senior management and the Board;
- (d) directly overseeing the work of the external auditor on the audit of annual financial statements; and
- (e) monitoring the Company’s financial reporting process and internal controls and compliance with legal and regulatory requirements related thereto.

The Audit Committee should primarily fulfill these responsibilities by carrying out the activities enumerated in Section III of this Charter. However, it is not the duty of the Audit Committee to prepare financial statements, to plan or conduct audits, to determine that the financial statements are complete and accurate and are in accordance with generally accepted accounting principles (“**GAAP**”), to conduct investigations, or to assure compliance with laws and regulations or the Company’s internal policies, procedures and controls, as these are the responsibility of management and in certain cases the external auditor.

**II. COMPOSITION**

1. The Audit Committee shall have a minimum of three members.
2. Every Audit Committee member must be a director of the Company. The Audit Committee shall be comprised of such directors as are determined by the Board, each of whom shall be independent within the meaning of National Instrument 52-110 – *Audit Committees* (“**NI 52-110**”) of the Canadian Securities Administrators (or exempt therefrom), and free of any relationship that, in the opinion of the Board, would interfere with the exercise of his or her independent judgment as a member of the Audit Committee. Pursuant to the *Business Corporations Act* (Ontario) (the “**OBCA**”) the majority of the Audit Committee members must not be officers, nor employees of the Company or any of its affiliates.
3. All members of the Audit Committee must have (or should gain within a reasonable period of time after appointment) a working familiarity with basic finance and accounting practices and otherwise be financially literate within the meaning of NI 52-110 (or exempt therefrom). Audit Committee members may enhance their familiarity with finance and accounting by participating in educational programs conducted by the Company or an outside consultant.

4. The members of the Audit Committee shall be elected by the Board on an annual basis or until their successors shall be duly appointed. Audit Committee members shall hold office until the next annual meeting of shareholders subsequent to their appointment.
5. Unless a Chair is elected by the full Board, the members of the Audit Committee may designate a Chair by majority vote of the full Audit Committee membership.
6. The Secretary of the Audit Committee will be appointed by the Chair.
7. Any member of the Audit Committee may be removed or replaced at any time by the Board and shall cease to be a member of the Audit Committee on ceasing to be a Director. The Board may fill vacancies on the Audit Committee by election from among the directors on the Board. If and whenever a vacancy shall exist on the Audit Committee, the remaining members may exercise all its powers so long as a quorum remains.

### **III. DUTIES AND RESPONSIBILITIES**

1. The Audit Committee shall review and recommend to the Board for approval:
  - (a) the Company's annual and interim financial statements, including any certification, report, opinion or review rendered by the external auditor, and review related MD&A;
  - (b) press releases of the Company that contain financial information;
  - (c) other financial information provided to any governmental body, stock exchange or the public as they see fit
  - (d) documents referencing, containing or incorporating by reference the annual audited consolidated financial statements or interim financial results (e.g., prospectuses, press releases with financial results and Annual Information Form – when applicable) prior to their release; and
  - (e) any other matter not mentioned herein but otherwise required pursuant to applicable laws, including, without limitation, NI 52-110 and the OBCA.
2. The Audit Committee, in fulfilling its mandate, will:
  - (a) satisfy itself that adequate internal controls and procedures are in place to allow the Chief Executive Officer and the Chief Financial Officer to certify financial statements and other disclosure documents as required under securities laws;
  - (b) review with management relationships with regulators, and the accuracy and timeliness of filing with regulatory authorities (when and if applicable);
  - (c) ensure that adequate procedures are in place for the review of the Company's public disclosure of financial information extracted or derived from the Company's financial statements and periodically assess the adequacy of those procedures;
  - (d) recommend to the Board the selection of the external auditor, consider the independence and effectiveness and approve the fees and other compensation to be paid to the external auditor;
  - (e) review the performance of the external auditor and approve any proposed discharge and replacement of the external auditor when circumstances warrant;
  - (f) review the annual audit plans of the internal and external auditors of the Company;
  - (g) oversee the work of the external auditor engaged for the purpose of preparing or issuing an auditor's report or performing other audit, review or attest services for the Company;

- (h) monitor the relationship between management and the external auditor including reviewing any management letters or other reports of the external auditor and discussing any material differences of opinion or disagreements between management and the external auditor;
  - (i) periodically consult with the external auditor out of the presence of management about significant risks or exposures, internal controls and other steps that management has taken to control such risks, and the fullness and accuracy of the organization's financial statements. Particular emphasis should be given to the adequacy of internal controls to expose any payments, transactions, or procedures that might be deemed illegal or otherwise improper;
  - (j) arrange for the external auditor to be available to the Audit Committee and the full Board as needed. Ensure that the auditors communicate directly with the Audit Committee and are made accountable to the Board and the Audit Committee, as representatives of the shareholders to whom the auditors are ultimately responsible;
  - (k) ensure that the external auditors are prohibited from providing non-audit services and approve any permissible non-audit engagements of the external auditors, in accordance with applicable legislation;
  - (l) review with management and the external auditor the Company's major accounting policies, including the impact of alternative accounting policies and key management estimates and judgments that can materially affect the financial results;
  - (m) review with management their approach to controlling and securing corporate assets (including intellectual property) and information systems, the adequacy of staffing of key functions and their plans for improvements;
  - (n) review and approve the Company's hiring policies regarding partners, employees and former partners and employees of the present and former external auditor of the Company;
  - (o) review the expenses of the Chairman and President of the Company annually;
  - (p) establish procedures for the receipt, retention and treatment of complaints received by the Company regarding accounting, internal controls, or auditing matters and the confidential, anonymous submission by the Company's employees of concerns regarding questionable accounting or auditing matters; and
  - (q) perform such other duties as required by the Company's incorporating statute and applicable securities legislation and policies, including, without limitation, NI 52-110 and the OBCA.
3. The Audit Committee may engage independent counsel and other advisors as it determines necessary to carry out its duties, and may set and pay the compensation of such counsel and advisors. The Audit Committee may communicate directly with the Company's internal and external counsel and advisors.

#### **IV. MEETING PROCEDURES**

1. The Audit Committee shall meet at such times and places as the Audit Committee may determine, but no less than four times per year. The Audit Committee should meet within forty-five (45) days (sixty (60) days in the event the Company is a "venture issuer" (as such term is defined in National Instrument 51-102 – *Continuous Disclosure Obligations*)) following the end of the first three financial quarters to review and discuss the unaudited financial results for the preceding quarter and the related MD&A, and shall meet within ninety (90) days (one hundred and twenty (120) days in the event the Company is a "venture issuer") following the end of the financial year end to review and discuss the audited financial results for the preceding year and the related MD&A as well as any accompanying press release, or in both cases, by

such earlier times as may be required in order to comply with applicable law or any stock exchange regulation.

2. Members of the Audit Committee shall be provided with reasonable notice of the time and place of meetings, which shall be not less than twenty-four (24) hours. The notice period may be waived by all members of the Audit Committee. Each of the Chairman of the Board, the external auditor, the Chief Executive Officer or the Chief Financial Officer shall be entitled to request that any member of the Audit Committee call a meeting.
3. The Audit Committee may ask members of management or others to attend meetings and provide pertinent information as necessary. For purposes of performing their duties, members of the Audit Committee shall have full access to all corporate information and any other information deemed appropriate by them, and shall be permitted to discuss such information and any other matters relating to the financial position of the Company with senior employees, officers and the external auditor of the Company, and others as they consider appropriate. The external auditor may, at its option, attend meetings of the Audit Committee.
4. In order to foster open communication, the Audit Committee or its Chair should meet at least annually with management and the external auditor in separate sessions to discuss any matters that the Audit Committee or each of these groups believes should be discussed privately. In addition, the Audit Committee or its Chair should meet with management quarterly in connection with the Company's interim financial statements.
5. Meetings of the Audit Committee may be conducted with members in attendance in person, by telephone or by video conference facilities.
6. Quorum for the transaction of business at any meeting of the Audit Committee shall be a majority of the number of members of the Audit Committee or such greater number as the Audit Committee shall by resolution determine.
7. A resolution in writing signed by all the members of the Audit Committee is valid as if it had been passed at a meeting of the Audit Committee.
8. The Audit Committee shall ensure that the Board is aware of matters which may significantly impact the financial condition or affairs of the Company.

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