

LATTICE BIOLOGICS LTD.

NOTICE OF ANNUAL AND SPECIAL MEETING OF SHAREHOLDERS TO BE HELD ON

JUNE 30, 2017

MANAGEMENT INFORMATION CIRCULAR

MAY 29, 2017

NOTICE OF ANNUAL AND SPECIAL MEETING OF SHAREHOLDERS

LATTICE BIOLOGICS LTD.

16701 N 90TH STREET, SUITE 101
SCOTTSDALE, ARIZONA, 85260

NOTICE IS HEREBY GIVEN that an Annual General and Special Meeting (the “**Meeting**”) of the holders (the “**Shareholders**”) of the common shares (the “**Common Shares**”) of Lattice Biologics Ltd. (the “**Company**”) will be held at 16701 N 90th Street, Suite 101, Scottsdale, AZ 85260 at 10:00 a.m. Arizona Time on June 30, 2017 (unless adjourned or postponed) for the following purposes:

1. to receive the audited consolidated financial statements of the Company for the fiscal year ended September 30, 2016 and the auditor’s report on those statements;
2. to fix the number of directors for the ensuing year and to elect directors of the Company for the ensuing year;
3. to appoint MNP LLP, Chartered Professional Accountants, Licensed Public Accountants, as auditors for the Company, and to authorize the directors of the Company to set the auditors’ remuneration;
4. to approve the potential settlement of accrued officer compensation, as more particularly described in the accompanying Information Circular;
5. to approve the potential creation of a new Control Person resulting from the settlement of accrued officer compensation, as more particularly described in the Information Circular;
6. to re-approve the Company’s Stock Option Plan, as more particularly described in the Information Circular;
7. to approve an amendment to the Company’s articles, as more particularly described in the Information Circular; and
8. to transact such other business as may properly come before the Meeting or any adjournment or postponement thereof.

The Information Circular provides additional information relating to the matters to be dealt with at the Meeting and should be reviewed carefully by Shareholders.

A Shareholder who is unable to attend the Meeting in person and who wishes to vote its Common Shares at the Meeting is requested to complete, date and sign the enclosed form of proxy and deliver it in accordance with the instructions set out in the form of proxy.

BY ORDER OF THE BOARD OF DIRECTORS

"Guy Cook"

Guy Cook

Chairman of the Board

INFORMATION CIRCULAR

(Containing Information as at May 29, 2017, unless otherwise stated)

For the Annual General and Special Meeting to be held on Friday, June 30, 2017.

SOLICITATION OF PROXIES

This Information Circular is furnished in connection with the solicitation of proxies by the management of Lattice Biologics Ltd. ("**Lattice**" or the "**Company**"), for use at the Annual General and Special Meeting (the "**Meeting**"), of the shareholders of the Company (the "**Shareholders**"), to be held on Friday, the 30th day of June, 2017, at the time and place and for the purposes set forth in the accompanying Notice of Meeting and at any adjournment or postponement thereof. The solicitation will be primarily by mail. However, proxies may be solicited personally or by telephone by the directors, officers and employees of the Company. The cost of solicitation will be borne by the Company. The Company does not reimburse Shareholders, nominees or agents for costs incurred in obtaining from their principals authorization to execute forms of proxy.

APPOINTMENT AND REVOCATION OF PROXIES

The persons named in the accompanying form of proxy are directors ("**Directors**") and/or executive officers ("**Officers**") of the Company. **A SHAREHOLDER HAS THE RIGHT TO APPOINT A PERSON (WHO NEED NOT BE A SHAREHOLDER) TO ATTEND AND ACT FOR HIM, HER OR IT ON HIS, HER OR ITS BEHALF AT THE MEETING OTHER THAN THE PERSONS NAMED IN THE ENCLOSED INSTRUMENT OF PROXY. TO EXERCISE THIS RIGHT, A SHAREHOLDER SHALL STRIKE OUT THE NAMES OF THE PERSONS NAMED IN THE INSTRUMENT OF PROXY AND INSERT THE NAME OF HIS/HER/ITS NOMINEE IN THE BLANK SPACE PROVIDED, OR COMPLETE ANOTHER INSTRUMENT OF PROXY. A FORM OF PROXY WILL ONLY BE VALID IF IT IS DULY COMPLETED AND SIGNED AND THEN DEPOSITED WITH THE COMPANY'S REGISTRAR AND TRANSFER AGENT, CST TRUST COMPANY, P.O. BOX 721, AGINCOURT, ONTARIO, M1S 0A1 (FAX NO. (416) 368-2502), AT LEAST 48 HOURS, EXCLUDING SATURDAYS, SUNDAYS AND HOLIDAYS, PRIOR TO THE COMMENCEMENT OF THE MEETING OR ANY ADJOURNMENT OR POSTPONEMENT THEREOF.**

The Instrument of Proxy must be signed by the Shareholder or by his or her attorney in writing, or, if the Shareholder is a corporation, it must either be under its common seal or signed by a duly authorized officer.

A Shareholder who has given a proxy may revoke it at any time before it is exercised. In addition to revocation in any other manner permitted by law, a proxy may be revoked by instrument in writing executed by the Shareholder or by his or her attorney authorized in writing, or, if the Shareholder is a corporation, it must either be under its common seal, or signed by a duly authorized officer and deposited at the Company's Registrar and Transfer Agent, CST Trust Company, P.O. Box 721, Agincourt, Ontario, M1S 0A1, at any time up to and including the last business day preceding the day of the Meeting, or any adjournment of it, at

which the proxy is to be used. A revocation of a proxy does not affect any matter on which a vote has been taken prior to the revocation.

VOTING OF SHARES AND EXERCISE OF DISCRETION OF PROXIES

On any poll, the persons named in the enclosed Instrument of Proxy will vote the shares in respect of which they are appointed. Where directions are given by the Shareholder in respect of voting for or against any resolution, the proxy holder will do so in accordance with such direction.

IN THE ABSENCE OF ANY INSTRUCTION IN THE PROXY, IT IS INTENDED THAT SUCH SHARES WILL BE VOTED IN FAVOUR OF THE MOTIONS PROPOSED TO BE MADE AT THE MEETING AS STATED UNDER THE HEADINGS IN THIS INFORMATION CIRCULAR. The Instrument of Proxy enclosed, when properly signed, confers discretionary authority with respect to amendments or variations to the matters which may properly be brought before the Meeting. At the time of printing this Information Circular, the management of the Company (the “**Management**”) is not aware that any such amendments, variations or other matters are to be presented for action at the Meeting. However, if any other matters which are not currently known to the Management should properly come before the Meeting, the Proxies hereby solicited will be exercised on such matters in accordance with the best judgment of the nominee.

In order to approve a motion proposed at the Meeting, a majority of greater than 50% of the votes cast will be required (an “**Ordinary Resolution**”) unless the motion requires a Special Resolution, in which case a majority of not less than two thirds of the votes cast will be required. In the event a motion proposed at the Meeting requires disinterested Shareholder approval, Common Shares held by certain Shareholders of the Company will be excluded from the count of votes cast on such motion. In the event a motion proposed at the Meeting requires “minority approval” under TSX Venture Exchange Policy 5.9 “*Protection of Minority Security Holders in Special Transaction*” (“**Policy 5.9**”) Common Shares held by: the Company; or Shareholders of the Company who are also “interested parties”, as such term is defined under Policy 5.9; a related party of any interested party (unless exempted) or a joint actor with an interested party; or related party of any interested party, will be excluded from the count of votes cast on such motion.

ADVICE TO BENEFICIAL SHAREHOLDERS

The information set forth in this section is of significant importance to many Shareholders, as a substantial number of Shareholders do not hold Common Shares in their own name. Shareholders who do not hold their Common Shares in their own name (referred to in this information circular as “**Beneficial Shareholders**”) should note that only proxies deposited by Shareholders whose names appear on the records of the Company as the registered holders of Common Shares can be recognized and acted upon at the Meeting. If Common Shares are listed in an account statement provided to a Shareholder by a broker, then, in almost all cases, those Common Shares will not be registered in the Shareholder’s name on the records of the Company. Such Common Shares will more likely be registered under the name of the Shareholder’s broker or an agent of that broker. In Canada, the vast majority of such Common

Shares are registered under the name CDS & Co. (the registration name for The Canadian Depositary for Securities, which acts as nominee for many Canadian brokerage firms). The Common Shares held by brokers or their agents or nominees can only be voted (for or against resolutions) upon the instructions of the Beneficial Shareholder. Without specific instructions, a broker and its agents are prohibited from voting shares for the broker's clients. **Therefore, Beneficial Shareholders should ensure that instructions respecting the voting of their Common Shares are communicated to the appropriate person.**

Applicable regulatory rules require intermediaries/brokers to seek voting instructions from Beneficial Shareholders in advance of Shareholders' meetings. Every intermediary/broker has its own mailing procedures and provides its own return instructions to clients, which should be carefully followed by Beneficial Shareholders in order to ensure that their shares are voted at the Meeting. The purpose of the form of proxy or Voting Instruction Form provided to a Beneficial Shareholder by its broker, agent or nominee is limited to instructing the registered holder of the Common Shares on how to vote such shares on behalf of the Beneficial Shareholder. The majority of brokers now delegate responsibility for obtaining instructions from clients to Broadridge Investor Communications ("**Broadridge**"). Broadridge typically supplies a Voting Instruction Form, mails those forms to Beneficial Shareholders and asks those Beneficial Shareholders to return the forms to Broadridge or follow specific telephone or other voting procedures. Broadridge then tabulates the results of all instructions received by it and provides appropriate instructions respecting the voting of the shares to be represented at the Meeting. **A Beneficial Shareholder receiving a Voting Instruction Form from Broadridge cannot use that form to vote Common Shares directly at the Meeting. Instead, the Voting Instruction Form must be returned to Broadridge or the alternate voting procedures must be completed well in advance of the Meeting in order to ensure such Common Shares are voted.**

Although Beneficial Shareholders may not be recognized directly at the Meeting for the purpose of voting Common Shares registered in the name of their broker, agent or nominee, a Beneficial Shareholder may attend the Meeting as a proxyholder for a shareholder and vote Common Shares in that capacity. Beneficial Shareholders who wish to attend the Meeting and indirectly vote their Common Shares as proxyholder for the registered shareholder should contact their broker, agent or nominee well in advance of the Meeting to determine the steps necessary to permit them to indirectly vote their Common Shares as a proxyholder.

The Company will not pay for an intermediary to deliver proxy related materials and Voting Instruction Forms to objecting beneficial owners (called "**OBOs**" for Objecting Beneficial Owners). OBOs have objected to their intermediary disclosing ownership information about themselves to the Company. Accordingly, OBOs will not receive the materials unless their intermediary assumes the costs of delivery.

VOTING SHARES AND PRINCIPAL HOLDERS THEREOF

The Company's authorized capital consists of an unlimited number of Common Shares without par value, an unlimited number of non-voting restricted common shares without par value and an unlimited number of preferred shares without par value.

As at May 29, 2017, the Company had 43,080,845 Common Shares issued and outstanding, each share carrying the right to one vote. Any Shareholder of record at the close of business on May 26, 2017 who either personally attends the Meeting or who has completed and delivered a Proxy in the manner and subject to the provisions described above, shall be entitled to vote or to have such Shareholder's shares voted at the Meeting.

As at May 29, 2017, the Company had 31,375,648 non-voting restricted Common Shares ("**Restricted Shares**") issued and outstanding. The Restricted Shares are not entitled to vote other than in connection with a change of control. Each Restricted Share is convertible into one voting Common Share at the option of the holder, unless such conversion would result in greater than 45% of the voting Common Shares being held, directly or indirectly, by persons resident in the United States. The foregoing restriction will expire in 18 months from the date the Restricted Share was issued. Holders of the Restricted Shares holding in the aggregate at least 50% of the outstanding Restricted Shares may, by written consent, extend the restricted period for further 12-month periods.

To the knowledge of the Directors and Officers of the Company as of May 29, 2017, no person beneficially owns, controls or directs, directly or indirectly, 10% or more of the outstanding voting Common Shares other than as set forth below.

Name	Number of Common Shares Beneficially Owned, Controlled or Directed (Directly or Indirectly)	Percentage of Issued and Outstanding Voting Common Shares as of May 29, 2017
Guy Cook	10,633,705	24.7%

CURRENCY

Amounts reported and financial figures contained herein are denoted in United States dollars, unless otherwise noted as being denominated in Canadian dollars ("**C\$**").

BUSINESS OF THE MEETING

1. PRESENTATION OF FINANCIAL STATEMENTS

The audited financial statements of the Company for the period ended September 30, 2016 (the "**Financial Statements**"), together with the Auditor's Report thereon, will be presented to Shareholders at the Meeting. The Financial Statements, together with the Auditor's Report thereon and the Management Discussion and Analysis, are available on SEDAR at www.sedar.com The Notice of Annual General and Special Meeting, Information Circular, Request for Financial Statement (NI 51-102) and form of Proxy will be available from the Company's Registrar and Transfer Agent, CST Trust Company, P.O. Box 721, Agincourt, Ontario, M1S 0A1, or from the Company at 16701 N 90th Street, Suite 101, Scottsdale, Arizona 85260.

REQUEST FOR FINANCIAL STATEMENTS

National Instrument 51-102 “Continuous Disclosure Obligations” sets out the procedures for a Shareholder to receive financial statements. If you wish to receive financial statements, you may use the enclosed form or provide instructions in any other written format. Registered Shareholders must also provide written instructions in order to receive the financial statements.

2. ELECTION OF DIRECTORS AND FIXING THE NUMBER OF DIRECTORS

The persons named in the enclosed Instrument of Proxy intend to vote in favour of fixing the number of Directors at a minimum of three (3) and a maximum of ten (10).

Each Director of the Company is elected annually and holds office until the next Annual General Meeting of Shareholders or until his successor is duly elected, if his office is earlier vacated, in accordance with the Articles of the Company.

In the absence of instructions to the contrary, the shares represented by Proxy will be voted for the nominees herein listed. Management does not contemplate that any of the nominees will be unable to serve as a Director.

INFORMATION CONCERNING NOMINEES SUBMITTED BY MANAGEMENT

The following table sets out the names of the persons proposed to be nominated by Management for election as a Director, the province or state and country in which he or she is ordinarily resident, the positions and offices which each presently holds with the Company, the period of time for which he or she has been a Director of the Company, the respective principal occupations or employment during the past five years if such nominee is not presently an elected Director and the number of shares of the Company which each beneficially owns, directly or indirectly, or over which control or direction is exercised as of the date of this Information Circular. 5 of the 6 persons proposed to be nominated by Management for election as a Director is currently a Director of the Company.

Name, Province and Country of Residence and Positions Held with the Company	Present Principal Occupation of Each Existing Director and Principal Occupations, Businesses or Employments of each Proposed Director Within the Five Preceding Years ⁽¹⁾	Date First Became a Director	No. of Common Shares Beneficially Owned, Directly or Indirectly ⁽¹⁾
DONALD A. MCINNES⁽²⁾ Director North Vancouver, British Columbia, Canada	Vice Chairman of Alterra Power Corp. since May 2011. Previously President & Chief Executive Officer of Plutonic Power Corporation (from June 1999 to May 2012). President and Chief Executive Officer of the Company (from 1994 to 2008, and from 2011 to 2015)	1994	1,149,273 Common Shares
MARIO STIFANO⁽²⁾ Director San Diego, California, United States	President & CEO of Cordoba Minerals Corp. since March 2014 (Cordoba Minerals Corp. completed a reverse takeover transaction with Sabre Metals Inc., a company for which Mr. Stifano served as Chief Executive Officer from September 2012 to March 2014). Previously Chief Financial Officer of Lake Shore Gold (from 2008-2012)	2015	1,408,248 Common Shares
CATHY THOMAS⁽²⁾ Director Carmel, California, United States	Principle SSF, LLP, since December 2014. Previously, Founder and Principle of Paraclae, LLP (January 2009 – December 2014)	2015	614,018 Common Shares 2,560,585 Restricted Shares
KEVIN LOUD Nominee Scottsdale, Arizona, United States	Managing Director of Clear Growth Capital since 2011	Proposed	2,612,062 Common Shares

Name, Province and Country of Residence and Positions Held with the Company	Present Principal Occupation of Each Existing Director and Principal Occupations, Businesses or Employments of each Proposed Director Within the Five Preceding Years ⁽¹⁾	Date First Became a Director	No. of Common Shares Beneficially Owned, Directly or Indirectly ⁽¹⁾
GUY COOK ⁽³⁾ Chief Executive Officer, and Director Scottsdale, Arizona, United States	Chief Executive Officer of the Company since December 2015 (Lattice Biologics Ltd. completed a reverse takeover transaction with Lattice Biologics, Inc., a company for which Mr. Cook served as Chief Executive Officer (since September, 2013). Previously President and Chief Executive Officer of Bacterin International Biologics (from August 1997 to April 2013)	2015	10,633,705 Common Shares 18,480,141 Restricted Shares
CHERYL FARMER ⁽²⁾ Chief Financial Officer, Corporate Secretary, and Director Scottsdale, Arizona, United States	Chief Financial Officer of the Company (since December 2015); Chief Financial Officer of Lattice Biologics, Inc. (since October 2014). Previously Executive, Global Business, Greater Phoenix Economic Council (January 2014 to June 2014); Director, Foundation for Blind Children (March 2011 – March 2014); Director, BDO, USA (April 2012 – November 2013)	2015	3,498,913 Common Shares 4,704,819 Restricted Shares

Notes:

- (1) *The information as to principal occupation, business or employment and common shares beneficially owned or controlled is not within the knowledge of management of the Company and has been furnished by the respective nominees. Reflects number of Common Shares owned as at May 29, 2017.*
- (2) *Member of the Audit Committee.*
- (3) *Chairman of the Board.*

3. APPOINTMENT AND REMUNERATION OF AUDITORS

Management recommends the re-appointment of MNP LLP, Chartered Professional Accountants, Licensed Public Accountants (“**MNP**”) as auditors for the Company, to hold office until the next Annual General Meeting of the Shareholders and the remuneration to be fixed by the Board of Directors (the “**Board**”), and the persons named in the enclosed Proxy intend to

vote in favour of such re-appointment. MNP were first appointed auditors of the Company in 2015.

4. SETTLEMENT OF ACCRUED OFFICER COMPENSATION

The Company may wish to convert accrued salaries for services rendered to the Company between December 23, 2015 and March 31, 2017 into Common Shares. As at March 31, 2017, a) \$485,000 is owing to Mr. Cook in accrued salary for services rendered to the Company; and b) \$232,000 is owing to Ms. Farmer in accrued salary for services rendered to the Company (the “**Debt**”).

In accordance with the requirements of the TSX Venture Exchange (“**TSXV**”), conversion of Mr. Cook and Ms. Farmers’ accrued salary into Common Shares is subject to receipt of disinterested shareholder approval (the “**Compensation Settlements**”).

If the Company proceeds with the Compensation Settlements, the Debt would be converted to equity of Lattice Biologics at a conversion price equal to the Market Price (as defined by the TSXV) immediately preceding the notice of conversion up to a maximum of 10,000,000 Common Shares.

Shareholder Approval Being Sought

To the best of the knowledge of the Company, the voting securities that will be excluded from the disinterested shareholder vote, namely those Common Shares beneficially owned or controlled by Mr. Cook and Ms. Farmer, officers of the Company, are an aggregate of 14,132,618 voting Common Shares, representing approximately 32.8% of the Company’s voting Common Shares outstanding as at May 29, 2017.

At the Meeting, Shareholders (other than Mr. Cook and Ms. Farmer) will be asked to consider and, if deemed advisable, to approve, with or without amendment the following Ordinary Resolution (the “**Compensation Resolution**”) to approve the Compensation Settlements:

“BE IT RESOLVED THAT:

- (a) the issuance under the Compensation Settlement of up to 6,760,000 Common Shares to Mr. Guy Cook, Chief Executive Officer of the Company, in settlement of up to \$485,000 in accrued salary for services rendered to the Company be and is hereby approved;
- (b) the issuance under the Compensation Settlement of up to 3,240,000 Common Shares to Ms. Cheryl Farmer, Chief Financial Officer of the Company, in settlement of up to \$232,000 in accrued salary for services rendered to the Company be and is hereby approved;
- (c) any one or more directors or officers be and are hereby authorized to take all necessary steps and proceedings, and to execute and deliver and file any and all applications, declarations, documents and other instruments and do all such

other acts and things (whether under corporate seal of the Company or otherwise) that may be necessary or desirable to give effect to the provisions of this resolution and to determine the timing thereof;

- (d) notwithstanding the approval of the issuance of shares to Mr. Cook and Ms. Farmer in settlement of accrued salary owing to each of them (the “**Compensation Settlements**”), the Directors of the Company be and they are hereby authorized without further approval of the Shareholders to revoke the resolution approving the Compensation Settlements before it is acted upon if the Directors deem it would be in the best interests of the Company; and
- (e) notwithstanding the approval of the Compensation Settlements, the Directors of the Company be and they are hereby authorized without further approval of the Shareholders to modify, vary or amend such terms and conditions in respect of the Compensation Settlements as may be required by the regulatory authorities having jurisdiction or as the Board of Directors may in its sole discretion deem in the best interests of the Company, and the directors are further authorized to abandon such transactions and matters, in whole or in part.”

Pursuant to the policies of the TSXV, the Compensation Settlements must be approved by the Company's disinterested Shareholders. **Management of the Company recommends that Shareholders vote in favour of the Compensation Settlements. Unless you give other instructions, the persons named in the enclosed form of proxy intend to vote FOR the Compensation Resolution.**

5. APPROVAL OF POTENTIAL NEW CONTROL PERSON

Under the Compensation Settlements, the Company may issue up to 6,760,000 Common Shares to Guy Cook and up to 3,240,000 Common Shares to Cheryl Farmer. If the Compensation Settlements are completed, a) Mr. Cook would beneficially own or control up to 17,393,705 Common Shares, representing 32.7% of the Common Shares then issued and outstanding; and b) Ms. Farmer would beneficially own or control up to 6,738,913 Common Shares, representing up to 12.7% of the Common Shares then issued and outstanding. The Compensation Settlements may result in the creation of a new Control Person, as defined under the Policies of the TSXV.

Shareholder Approval Being Sought

To the best of the knowledge of the Company, the securities that will be excluded from the disinterested shareholder vote, namely those Common Shares and Restricted Shares beneficially owned or controlled by Mr. Cook and Ms. Farmer, officers of the Company, are an aggregate of 14,132,618 voting Common Shares and 23,184,960 Restricted Shares, representing approximately 32.8% of the Company's voting Common Shares and 73.9% of the Company's Restricted Shares outstanding as at May 29, 2017.

At the Meeting, Shareholders including holders of Restricted Shares (other than Mr. Cook and Ms. Farmer) will be asked to consider and, if deemed advisable, to approve, with or without amendment the following Ordinary Resolution (the “**Control Person Resolution**”) to approve the potential creation of a new Control Person resulting from the Compensation Settlements.

“BE IT RESOLVED THAT:

- (a) the potential creation of a new Control Person resulting from the Compensation Settlements be and is hereby approved;
- (b) any one or more directors or officers be and are hereby authorized to take all necessary steps and proceedings, and to execute and deliver and file any and all applications, declarations, documents and other instruments and do all such other acts and things (whether under corporate seal of the Company or otherwise) that may be necessary or desirable to give effect to the provisions of this resolution and to determine the timing thereof;
- (c) notwithstanding the approval of the potential creation of a new Control Person, the Directors of the Company be and they are hereby authorized without further approval of the Shareholders to revoke the resolution approving the potential creation of a new Control Person before it is acted upon if the Directors deem it would be in the best interests of the Company; and
- (d) notwithstanding the approval of the potential creation of a new Control Person, the Directors of the Company be and they are hereby authorized without further approval of the Shareholders to modify, vary or amend such terms and conditions in respect of the potential creation of a new Control Person as may be required by the regulatory authorities having jurisdiction or as the Board of Directors may in its sole discretion deem in the best interests of the Company, and the directors are further authorized to abandon such transactions and matters, in whole or in part.”

Pursuant to the policies of the TSXV, the potential creation of a new Control Person must be approved by the Company's disinterested Shareholders. **Management of the Company recommends that Shareholders vote in favour of the potential creation of a new Control Person. Unless you give other instructions, the persons named in the enclosed form of proxy intend to vote FOR the Control Person Resolution.**

6. APPROVAL OF INCENTIVE STOCK OPTION PLAN

The Company has a “rolling” stock option plan (the “**SOP**”), which makes a maximum of 10% of the issued and outstanding shares of the Company available for issuance thereunder. The policies of the TSXV require that a rolling plan such as the SOP be approved by the Shareholders of the Company on an annual basis.

The purpose of the SOP is to provide directors, officers and key employees of, and certain other persons who provide services to, the Company and its subsidiaries with an opportunity to

purchase shares of the Company at a specific price, and subsequently benefit from any appreciation in the value of the Company's shares. This provides an incentive for such persons to contribute to the future success of the Company and enhances the ability of the Company to attract and retain skilled and motivated individuals, thereby increasing the value of the Company's shares for the benefit of all Shareholders.

The exercise price of stock options granted under the SOP will be determined by the Board and will be priced in accordance with the policies of the TSXV, and will not be less than the closing price of the Company's Common Shares on the TSXV on the date prior to the date of grant less any allowable discounts. All options granted under the SOP will have a maximum term of 10 years.

The SOP provides that it is within the discretion of the Company's Board of Directors (or its Compensation Committee, if discretion to do so has been delegated to it) to determine who should receive options and how many they should receive. The Board may issue a majority of the options to insiders of the Company. However, the SOP provides that in no case will the SOP or any existing share compensation arrangement of the Company result, at any time, in the issuance to any option holder, within a one-year period, of a number of Common Shares exceeding 5% of the Company's issued and outstanding share capital.

The full text of the SOP is available for review by any Shareholder up until the day preceding the Meeting at the Company's head office, located at 16701 N 90th Street, Suite 101, Scottsdale, Arizona, 85260.

Upon the approval of the SOP by the Company's Shareholders, Shareholder approval will not be required or sought on a case-by-case basis for the purpose of the granting of options and the exercise of options under the SOP.

Shareholder Approval Being Sought

At the Meeting, Shareholders will be asked to consider and, if deemed advisable, to approve, with or without amendment the following Ordinary Resolution approving the SOP (the "**SOP Resolution**"):

"BE IT RESOLVED THAT:

- (a) Subject to the approval of the TSXV, the Company's Stock Option Plan which makes a total of 10% of the issued and outstanding shares of the Company available for issuance thereunder as described in the Company's Information Circular dated May 29, 2017 be and is hereby ratified, confirmed and approved; and
- (b) Any one director or officer of the Company be and is hereby authorized and directed to perform all such acts, deeds and things and execute all such documents and instruments necessary or desirable to give effect to the true intent of this resolution."

Approval of the resolution will require the affirmative vote of a majority of the votes cast at the Meeting in respect thereof. **Management of the Company recommends that Shareholders vote in favour of the Incentive Stock Option Plan. Unless you give other instructions, the persons named in the enclosed form of proxy intend to vote FOR the SOP Resolution.**

7. AMENDMENT TO ARTICLES

The Company is seeking Shareholder approval to amend section 9.3 (the “**New Section 9.3**”) of the Company’s articles (the “**Articles**”) to provide the Company with greater flexibility to make certain alterations to the Articles. The current section 9.3 provides that if the *Business Corporations Act (British Columbia)* does not specify the type of resolution, and the Articles do not specify another type of resolution, the Company may by ordinary resolution alter the Articles. The New Section 9.3 will provide that such alterations can be made by directors’ resolution. The following is the text of the New Section 9.3:

“9.3 Other Alterations

If the Business Corporations Act does not specify the type of resolution and these Articles do not specify another type of resolution, the Company may by resolution of the board or directors alter these Articles.”

Shareholder Approval Being Sought

Shareholders will be asked at the Meeting to consider and, if deemed advisable, to approve, with or without amendment the following Ordinary Resolution (the “**Section 9.3 Resolution**”):

“BE IT RESOLVED THAT:

- (a) the Company adopt the New Section 9.3 in substitution for the existing section 9.3;
- (b) any director or officer of the Company is authorized to execute and file such documents and take such further action, including any filings with the Registrar of Companies (British Columbia), that may be necessary to effect the amendment;
- (c) the New Section 9.3 will not take effect until the Company’s Articles are altered to reflect the New Section 9.3;
- (d) the Board of Directors of the Company are hereby authorized, at any time in its sole discretion, to determine whether or not to proceed with this resolution without further approval, ratification, or confirmation by the Shareholders, as more particularly described in the Information Circular; and
- (e) any director or officer of the Company be and is hereby authorized and directed on behalf of the Company to sign and deliver all documents and

to do all things necessary and advisable in connection with the foregoing and to determine the timing thereof.”

Approval of the resolution will require the affirmative vote of a majority of the votes cast at the Meeting in respect thereof. **Management of the Company recommends that Shareholders vote in favour of the New Section 9.3. Unless you give other instructions, the persons named in the enclosed form of proxy intend to vote FOR the Section 9.3 Resolution.**

REPORT ON DIRECTOR COMPENSATION

Directors of the Company do not currently receive any fees in their capacities as directors, but are reimbursed for travel and other out-of-pocket expenses incurred in connection with such duties. Directors are eligible to participate in the Company’s Stock Option Plan.

The following table sets forth particulars of all compensation paid to Directors during the financial year ended September 30, 2016, other than Donald McInnes, who resigned as Chief Executive Officer of the Company on December 23, 2015, and Guy Cook and Cheryl Farmer who are Named Executive Officers (“NEOs”). Compensation of Mr. McInnes, Mr. Cook, and Ms. Farmer is discussed below under “Executive Compensation”.

Name	Fees Earned (\$)	Share-based Awards (\$)	Option-based Awards (\$)	Non-equity Incentive Plan Compensation (\$)	Pension Value (\$)	All other Compensation (\$)	Total (\$)
From October 1, 2015 to December 23, 2015							
John Greig ⁽¹⁾	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Rupert Legge ⁽¹⁾	Nil	Nil	Nil	Nil	Nil	Nil	Nil
From December 24, 2015 to September 30, 2016							
Mario Stifano ⁽²⁾	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Cathy Thomas ⁽²⁾	Nil	Nil	Nil	Nil	Nil	Nil	Nil

Notes:

(1) John Greig and Rupert Legge resigned as directors of the Company effective December 23, 2015.

(2) Mario Stifano and Cathy Thomas were appointed as directors of the Company on December 23, 2015.

Outstanding Share-Based Awards and Option-Based Awards

The following table sets forth particulars of all outstanding share-based and option-based awards granted to Directors, other than Mr. McInnes, Mr. Cook and Ms. Farmer, and which were outstanding at September 30, 2016:

Option-Based Awards					Share-Based Awards		
Name	Number of Securities underlying unexercised options (#)	Option exercise price (\$)	Option expiration date	Value of unexercised in-the-money-options (\$)	Number of share or units of shares that have not vested (#)	Market or payout value of share-based awards that have not vested (\$)	Market or payout value of vested share-based awards not paid out or distributed (\$)
John Greig	Nil	N/A	N/A	Nil	N/A	N/A	N/A
Rupert Legge	Nil	N/A	N/A	Nil	N/A	N/A	N/A
Mario Stifano	Nil	N/A	N/A	Nil	N/A	N/A	N/A
Cathy Thomas	Nil	N/A	N/A	Nil	N/A	N/A	N/A

Incentive Plan Awards – Value Vested or Earned During the Year

The following table summarizes the value vested during the fiscal year ended September 30, 2016, in respect of all option-based and share-based awards and non-equity incentive plan compensation granted to Directors, other than Mr. McInnes, Mr. Cook, and Ms. Farmer.

Name	Option-based Awards – Value Vested During the Year (\$)	Share-based Awards – Value Vested During the Year (\$)	Non-Equity Incentive Plan Compensation – Value Earned During the Year (\$)
John Greig	Nil	Nil	Nil
Rupert Legge	Nil	Nil	Nil
Mario Stifano	Nil	Nil	Nil
Cathy Thomas	Nil	Nil	Nil

EXECUTIVE COMPENSATION DISCUSSION AND ANALYSIS

The objective of the Company's executive compensation plan is to compensate the executive officers for their services to the Company at a level that is both in line with the Company's fiscal resources and competitive with companies at a similar stage of development.

Lattice compensated its executive officers based on their skill, experience level, level of responsibility involved in their positions, qualifications, the existing stage of development of the

Company, the Company's resources, industry practice and regulatory guidelines regarding executive compensation levels. Lattice's executive compensation program was designed to reward executives for reinforcing Lattice's business objectives and values, for achieving Lattice's performance objectives, and for individual performance.

Compensation provided to the Company's NEOs during the fiscal year ended September 30, 2016 was determined by the Company's full Board. In establishing executive compensation policies, the Board reviewed and considered the recommendations of Management.

The Company believes that executive compensation should support an appropriate relationship between executive pay and the creation of shareholder value. To this end, the Company believes that its executive compensation should:

- (a) Provide compensation comparable to that paid by similar companies, thereby enabling the Company to attract and retain talented executives critical to the Company's long-term success;
- (b) Motivate and retain key executives to achieve strategic corporate objectives by rewarding them for achieving such; and
- (c) Align the interests of executives with the long-term interests of Shareholders.

The Company's executive compensation consists of three main elements: base salary, short-term incentives, and long-term incentives.

The Company's compensation program is structured in a way that does not encourage excessive risk-taking by executives in the performance of their duties. Before determining executive compensation, the Board considers the implications and risks of such policies. The Board does not believe that the Company's compensation policies result in unnecessary or inappropriate risk taking, including risks that are likely to have a material adverse effect on the Company.

Base Salary

Base salary is the principal component of executive compensation. Base salary for each executive takes into consideration the current competitive market conditions, experience, proven or expected performance, and the particular skills of the NEO.

On December 23, 2015, the Company completed an acquisition whereby the Company acquired all of the issued and outstanding securities of Lattice Biologics, Inc. (the "**Reverse Takeover**"). Since the completion of the Reverse Takeover, two of the NEOs elected to defer payment of their base salaries. Base salaries payable to these NEOs was accrued during the fiscal year ended September 30, 2016.

Short Term Incentives

The Company has a Short Term Incentive Plan (“STIP”) developed by the Board, pursuant to which NEOs are eligible for an annual bonus if certain performance goals set by the Board are attained. However, given the Company’s stage of development, the Board has opted not to set performance goals. As a result, the Company did not pay any cash bonuses to NEOs during the fiscal year ended September 30, 2016.

Option Based Awards (Long-Term Incentives)

Long-term incentive compensation is provided through the grant of stock options to consultants, employees, officers and directors under the Stock Option Plan.

The Company believes that the grant of stock options is a useful form of long term incentive compensation because it assists in aligning the interests of employees, officers and directors with those of Shareholders, allowing them to participate in any increases in the market value of the Company’s shares. All directors, officers, employees and consultants of the Company and its affiliates are eligible to receive stock options under the Stock Option Plan, with participation based on their level of responsibility and an assessment of their individual performance. Grants of options under the Stock Option Plan are generally recommended by the Board of Directors. It is generally recognized that stock option plans aid in attracting, retaining and encouraging these individuals due to the opportunity offered to them to acquire a proprietary interest in the Company.

The Board believes that it is important to have the ability to award incentive stock options as part of an overall compensation package. Encouraging its executive officers and employees to become Shareholders of the Company is, in the Board’s view, the best way to align their interests with those of the Company’s Shareholders.

Equity participation is accomplished through the Company’s Stock Option Plan, which is designed to give each option holder an interest in preserving and maximizing Shareholder value in the longer term, to enable the Company to attract and retain individuals with experience and ability, and to reward individuals for current performance and expected future performance.

The Company considers stock option grants when reviewing executive officer compensation packages as a whole. The Board determines the ranges of stock option grants for each level of executive officer, the key employees to whom it recommends that grants be made, and the terms and conditions of the options forming part of such grants. Individual grants are determined by an assessment of an individual’s current and expected future performance, level of responsibilities and the importance of the position and contribution to the Company. The existing number and terms of the outstanding options are taken into account when granting new options. Options granted under the Stock Option Plan will be exercisable at prices determined by the Board of Directors at the time of grant and have terms of between one and ten years.

The number of stock options which may be issued under the Stock Option Plan in the aggregate and in respect of any fiscal year is limited under the terms of the Stock Option Plan and cannot be increased without Shareholder approval. Details of the Company's Stock Option Plan are provided above under the heading, "*Approval of Incentive Stock Option Plan*".

Pension Plan Benefits

Lattice does not have any defined benefit plans, defined contribution plans or deferred compensation plans and none are proposed at this time.

Use of Financial Instruments

The Company does not have a policy that would prohibit a Named Executive Officer or Director from purchasing financial instruments, including prepaid variable forward contracts, equity swaps, collars or units of exchange funds, that are designed to hedge or offset a decrease in market value of equity securities granted as compensation or held, directly or indirectly, by the Named Executive Officer or director. However, management is not aware of any Named Executive Officer or director purchasing such an instrument.

Summary Compensation Table

The following table sets forth particulars of all compensation paid during the fiscal year ended December 31, 2014, nine months ended September 30, 2015⁽¹⁾, and fiscal year ended September 30, 2016, in respect of individuals who were, during the fiscal year ended September 30, 2016, NEOs of the Company.

Name and principal position	Fiscal Period Ended	Salary (\$)	Share-based Awards (\$)	Option-based Awards (\$)	Non-equity Incentive Plan Compensation (\$)		Pension Value (\$)	All other Compensation ⁽²⁾ (\$)	Total Compensation (\$)
					Annual Incentive Plans	Long-term Incentive Plans			
Guy Cook ⁽³⁾ Chief Executive Officer	September 30, 2016	270,000 ⁽⁴⁾	Nil	Nil	Nil	Nil	Nil	18,021	288,021
	September 30, 2015	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
	December 31, 2014	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Donald McInnes ⁽⁵⁾ Former Chief Executive Officer & President	September 30, 2016	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
	September 30, 2015	C\$22,500 ⁽⁶⁾	Nil	Nil	Nil	Nil	Nil	Nil	C\$22,500
	December 31, 2014	C\$60,000 ⁽⁶⁾ ⁽⁷⁾	Nil	Nil	Nil	Nil	Nil	Nil	C\$60,000

Cheryl Farmer⁽⁸⁾ Chief Financial Officer & Corporate Secretary	September 30, 2016	180,000 ⁽⁴⁾	Nil	Nil	Nil	Nil	Nil	3,687	183,687
	September 30, 2015	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
	December 31, 2014	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
David Douglas⁽⁹⁾ Former Chief Financial Officer	September 30, 2016	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
	September 30, 2015	C\$22,500	Nil	Nil	Nil	Nil	Nil	Nil	C\$22,500
	December 31, 2014	C\$60,000 ⁽¹⁰⁾	Nil	Nil	Nil	Nil	Nil	Nil	C\$60,000
Gregory Davis⁽¹¹⁾ Former Chief Operating Officer	September 30, 2016	52,500	Nil	Nil	Nil	Nil	Nil	Nil	52,500
	September 30, 2015	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
	December 31, 2014	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil

Notes:

- (1) Effective December 23, 2015, the Company changed its fiscal year end from December 31 to September 30, resulting in a nine-month transition year ended September 30, 2015.
- (2) The "All Other Compensation" figures consist of premiums paid for health and dental insurance, and automobile leases.
- (3) Mr. Cook assumed the role of Chief Executive Officer on December 23, 2015. On September 8, 2016, the Company issued 6,198,426 Common Shares to Mr. Cook in settlement of \$1,005,927.08 in debt.
- (4) Salary includes accrued wages.
- (5) Mr. McInnes' resigned as Chief Executive Officer on December 23, 2015.
- (6) Amounts paid to a consulting company of which Mr. McInnes is principal.
- (7) Effective September 23, 2015, the Company issued Subscription Receipts to Ocean Protein Canada Ltd., a company owned and controlled by Mr. McInnes, which were converted to 3,077,468 Common Shares on October 1, 2016, in settlement of (a) C\$255,000 in accrued salary for services rendered to the Company between 2011 and 2014; and (b) C\$52,746.75 owing for expenses incurred on behalf of the Company.
- (8) Ms. Farmer assumed the role of Chief Financial Officer on December 23, 2015. On September 8, 2016, the Company issued 2,369,745 Common Shares to Ms. Farmer in settlement of \$384,579.97 in debt.
- (9) Mr. Douglas resigned as Chief Financial Officer on December 23, 2015.
- (10) Effective September 23, 2015, the Company issued Subscription Receipts to David Douglas, which were converted to 1,844,961 Common Shares on October 1, 2016, in settlement of (a) C\$169,312 in accrued salary for services rendered to the Company between 2011 and 2014; and (b) C\$15,184.14 owing for expenses incurred on behalf of the Company.
- (11) Mr. Davis assumed the role of Chief Operating Officer on December 23, 2015. He resigned as Chief Operating Officer on July 14, 2016.

NEO INCENTIVE PLAN AWARDS

Common Share Purchase Plan

The Company has the Stock Option Plan in order to provide incentives to directors, officers, senior management personnel and employees of the Company and to enable the Company to attract and retain experienced and qualified individuals in those positions by permitting such individuals to directly participate in an increase in per share value created for the Company's Shareholders. Generally, options granted to the NEOs are valued in accordance with the Black-Scholes-Merton Model, a formula used to assign prices to option contracts by calculating the probability that an option will expire in the money. To do this, the model assigns value to an option by considering a number of factors, including the volatility of the Company's share price, the time left until the option expires and interest rates. During the fiscal year ended December 31, 2014, nine months ended September 30, 2015, and fiscal year ended September 30, 2016, no stock options were granted as part of the NEOs remuneration.

The Company has no equity compensation plans other than the Stock Option Plan.

Outstanding Share-Based Awards and Option-Based Awards

The following table sets forth particulars of all outstanding share-based and option-based awards granted to the NEOs and which were outstanding at September 30, 2016:

	Option-based Awards				Share-based Awards		
Name	Number of securities underlying unexercised options (#)	Option exercise price (\$)	Option expiration date	Value of unexercised in-the-money options (\$)	Number of shares or units of shares that have not vested (#)	Market or payout value of share-based awards that have not vested (\$)	Market or payout value of vested share-based awards not paid out or distributed (\$)
Guy Cook	Nil	N/A	N/A	Nil	N/A	N/A	N/A
Donald McInnes	Nil	N/A	N/A	Nil	N/A	N/A	N/A
Cheryl Farmer	Nil	N/A	N/A	Nil	N/A	N/A	N/A
David Douglas	Nil	N/A	N/A	Nil	N/A	N/A	N/A
Gregory Davis	Nil	N/A	N/A	Nil	N/A	N/A	N/A

Incentive Plan Awards – Value Vested or Earned During the Year

No stock options were granted to the aforesaid Named Executive Officers during the fiscal year ended September 30, 2016, and accordingly, the value vested or earned was nil. None of the NEOs exercised any stock options during the fiscal year ended September 30, 2016.

The following table summarizes for each NEO the value of all option-based awards and non-equity incentive plan compensation for the fiscal year ended September 30, 2016.

Name	Option-based Awards – Value Vested During the Year (\$)	Share-based Awards – Value Vested During the Year (\$)	Non-Equity Incentive Plan Compensation
Guy Cook	Nil	Nil	Nil
Donald McInnes	Nil	Nil	Nil
Cheryl Farmer	Nil	Nil	Nil
David Douglas	Nil	Nil	Nil
Gregory Davis	Nil	Nil	Nil

EMPLOYMENT, CONSULTING AND MANAGEMENT AGREEMENTS

The Company has entered into an employment agreement with Mr. Cook pursuant to which Mr. Cook has been retained to provide his services as Chief Executive Officer of the Company at a base salary of \$360,000 per year. Mr. Cook is also eligible to receive an annual cash bonus of up to 50% of his base salary upon attaining performance goals set by the Board.

Pursuant to the employment agreement with Mr. Cook, in the event that the Company terminates his employment without cause or if he terminates the agreement with good reason a) he is entitled to be paid any base salary then earned but unpaid; b) he entitled to be paid 12 months base salary, less applicable lawful deductions and withholdings; c) Lattice will either (i) negotiate the extinguishment of any personal guarantees which have been provided by him; or (ii) repay in full any loans or other obligations in respect of which Mr. Cook has provided personal guarantees; and d) if such termination occurs during the first 18 months after the closing of the Reverse Takeover, the Company will issue to Mr. Cook the number of Common Shares equal to the number of Restricted Shares then held by Mr. Cook and Mr. Cook will surrender the Restricted Shares he holds for cancellation.

In the event that a change of control of the Company occurs, Mr. Cook shall be entitled to receive certain amounts owing to Mr. Cook.

The Company is party to an employment agreement with Ms. Farmer pursuant to which Ms. Farmer has been retained to provide her services as Chief Financial Officer & Corporate Secretary of the Company at a base salary of \$240,000 per year. Ms. Farmer is also eligible to receive an annual cash bonus of up to 50% of her base salary upon attaining performance goals set by the Board.

Pursuant to the employment agreement with Ms. Farmer, in the event that the Company terminates her employment without cause or if she terminates the agreement with good reason a) she is entitled to be paid any base salary then earned but unpaid; b) she is entitled to be paid 12 months base salary, less applicable lawful deductions and withholdings; c) Lattice will either (i) negotiate the extinguishment of any personal guarantees which have been provided by her; or (ii) repay in full any loans or other obligations in respect of which Ms. Farmer has provided personal guarantees; and d) if such termination occurs during the first 18 months after the closing of the Reverse Takeover, the Company will issue to Ms. Farmer the number of Common Shares equal to the number of Restricted Shares then held by Ms. Farmer and Ms. Farmer will surrender the Restricted Shares she holds for cancellation.

In the event that a change of control of the Company occurs, Ms. Farmer shall be entitled to receive certain amounts owing to Ms. Farmer.

SECURITIES AUTHORIZED FOR ISSUANCE UNDER EQUITY COMPENSATION

The following table sets forth information with respect to all compensation plans under which equity securities are authorized for issuance as of September 30, 2016:

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 ⁽¹⁾ approved by securityholders	Nil	N/A	6,313,722 ⁽²⁾
Equity compensation plans not approved by securityholders	Nil	N/A	Nil
TOTAL	Nil	N/A	6,313,722

Note:

- (1) *Represents the Stock Option Plan of the Company. As at September 30, 2016, the Stock Option Plan reserved shares equal to a maximum of 10% of the issued and outstanding common shares of the Company from time to time for issue pursuant to the Stock Option Plan.*
- (2) *Based on 63,137,222 common shares outstanding as at September 30, 2016.*

INDEBTEDNESS OF DIRECTORS AND SENIOR OFFICERS

Other than indebtedness that has been entirely repaid on or before the date of this Circular, “routine indebtedness” (as defined in Form 51-102F5 – Information Circular, of the Canadian Securities Administrators) or otherwise as disclosed hereunder, none of the directors, senior officers, proposed nominees for election as directors or their associates have been indebted to the Company since the beginning of the last completed financial year.

INTEREST OF CERTAIN PERSONS IN MATTERS TO BE ACTED UPON

Except as otherwise disclosed in this Information Circular, none of

- (a) the directors or senior officers of the Company at any time since the beginning of the last financial year of the Company;
- (b) the proposed nominees for election as a director of the Company; or
- (c) any associate or affiliate of the foregoing persons,

has any material interest, direct or indirect, by way of beneficial ownership of securities or otherwise, in any matters to be acted upon at the Meeting exclusive of the election of directors or the appointment of auditors.

INTEREST OF INFORMED PERSONS IN MATERIAL TRANSACTIONS

For purposes of the following discussion, “Informed Person” means (a) a director or executive officer of the Company; (b) a director or executive officer of a person or company that is itself an Informed Person or a subsidiary of the Company; (c) any person or company who beneficially owns, directly or indirectly, voting securities of the Company or who exercises control or direction over voting securities of the Company or a combination of both carrying more than 10 percent of the voting rights attached to all outstanding voting securities of the Company, other than the voting securities held by the person or company as underwriter in the course of a distribution; and (d) the Company itself if it has purchased, redeemed or otherwise acquired any of its securities, for so long as it holds any of its securities.

Except as disclosed elsewhere herein, including with respect to the Compensation Settlements or in the Notes to the Company’s financial statements for the financial year ended September 30, 2016, none of:

- (a) the Informed Persons of the Company;
- (b) the proposed nominees for election as a director of the Company; or
- (c) any associate or affiliate of the foregoing persons,

has any material interest, direct or indirect, in any transaction since the commencement of the last financial year of the Company or in a proposed transaction which has materially affected or would materially affect the Company or any subsidiary of the Company.

CEASE TRADE ORDERS, CORPORATE AND PERSONAL BANKRUPTCIES, PENALTIES AND SANCTIONS

Other than as set out below, no proposed director (including any personal holding company of a proposed director):

- (1) is, as at the date of this Information Circular, or has been, within 10 years before the date of this Information Circular, a director, chief executive officer or chief financial officer of any company (including the Company) that:
 - (a) was the subject of a cease trade order (including a management cease trade order which applies to directors or executive officers), an order similar to a cease trade order or an order that denied the relevant company access to any exemption under securities legislation that was in effect for a period of more than 30 consecutive days, that was issued while such person was acting in the capacity as director, chief executive officer or chief financial officer; or
 - (b) was subject to an order that was issued after such person ceased to be a director, chief executive officer or chief financial officer and which resulted from an event that occurred while that person was acting in the capacity as a director, chief executive officer or chief financial officer;
- (2) is, as at the date of this Information Circular, or has been within 10 years before the date of this Information Circular, a director or executive officer of any company (including the Company) that, while that person was acting in that capacity, or within a year of that person ceasing to act in that capacity, became bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or was subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold its assets;
- (3) has, within the 10 years before the date of this Information Circular, become bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency, or become subject to or instituted any proceedings, arrangement or compromise with creditors, or had a receiver, receiver manager or trustee appointed to hold the assets of the proposed director; or
- (4) has been subject to:
 - (a) any penalties or sanctions imposed by a court relating to securities legislation or by a securities regulatory authority or has entered into a settlement agreement with a securities regulatory authority since December 31, 2000 or before December 31, 2000 the disclosure of which would likely be important to a

reasonable security holder in deciding whether to vote for a proposed director;
or

- (b) any other penalties or sanctions imposed by a court or regulatory body that would likely be considered important to a reasonable securityholder in deciding whether to vote for a proposed director.

AUDIT COMMITTEE DISCLOSURE

The charter/terms of reference of the Company's Audit Committee and the other information required to be disclosed by Form 52-110F2 is attached to this Information Circular as Schedule "A".

CORPORATE GOVERNANCE

The information required to be disclosed by National Instrument 58-101F2 Corporate Governance Disclosure is attached to this Information Circular as Schedule "B".

MANAGEMENT CONTRACTS

Management functions of the Company are, and since the beginning of the financial year ended September 30, 2016 have been, performed by the directors and senior officers of the Company and are not to any substantial degree performed by any other person or company.

OTHER MATTERS

As of the date of this Information Circular, Management knows of no other matters to be acted upon at this Meeting other than as set forth above and in the Notice of Meeting. However, should any other matters properly come before the Meeting, the shares represented by the proxy solicited hereby will be voted on such matters in accordance with the best judgment of the persons voting the shares represented by the proxy.

ADDITIONAL INFORMATION

Additional information relating to the Company and its subsidiaries is available on SEDAR at www.sedar.com. Financial information about the Company and its subsidiaries is provided in the Company's comparative financial statements and MD&A for its most recently completed financial year, both of which are available on SEDAR at www.sedar.com.

Shareholders may also contact the Company at 16701 N 90th Street, Suite 101, Scottsdale, AZ 85260 to request copies of the Company's comparative financial statements and MD&A for its most recently completed financial year.

DIRECTOR APPROVAL

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

DATED: May 29, 2017.

BY ORDER OF THE BOARD

"Guy Cook"

Guy Cook
Chairman of the Board

LATTICE BIOLOGICS LTD.
(the “Company”)

SCHEDULE “A”
FORM 52-110F2

AUDIT COMMITTEE DISCLOSURE

ITEM 1: THE AUDIT COMMITTEE’S CHARTER

General

The Audit Committee is a standing committee of the Board of Directors, the primary function of which is to assist the Board of Directors in fulfilling its financial oversight responsibilities, which includes: monitoring the quality and integrity of the Company’s financial statements and the independence and performance of the Company’s external auditor, acting as a liaison between the Board of Directors and the Company’s external auditor, reviewing the financial information that will be publicly disclosed and reviewing all audit processes and the systems of internal controls management that the Board of Directors have established.

Terms of Reference for the Audit Committee

The Board of Directors has adopted Terms of Reference for the Audit Committee, which set out the Audit Committee’s mandate, organization, powers and responsibilities. The Audit Committee’s Terms of Reference is attached as Exhibit 1 to Schedule A of this Information Circular.

ITEM 2: COMPOSITION OF THE AUDIT COMMITTEE

The following chart sets out the members of the Audit Committee as of the date of this Information Circular. Also indicated is whether they are ‘independent’ and ‘financially literate’.

	Independent ⁽¹⁾	Financially Literate ⁽²⁾
Cathy Thomas	Yes	Yes
Mario Stifano	Yes	Yes
Donald McInnes	No	Yes
Cheryl Farmer	No	Yes

(1) *“Independent” as defined in National Instrument 52-110 – Audit Committees “NI 52-110”).*

(2) *A member of the Audit Committee is financially literate if he or she has the ability to read and understand a set of financial statements that present a breadth and level of complexity of accounting issues that are generally comparable to the breadth and*

complexity of the issues that can reasonably be expected to be raised by the Company's financial statements.

Because the shares of the Company are listed on the TSXV, it is categorized as a venture issuer. As a result, Multilateral Instrument 52-110 *Audit Committees* ("MI 52-110") exempts the members of the Company's Audit Committee from being independent.

ITEM 3: RELEVANT EDUCATION AND EXPERIENCE

All of the members of the Audit Committee have extensive experience in the management of private and publicly traded companies at the senior level, including oversight of corporate financial responsibilities. All members of the Audit Committee are financially literate, and each member has:

- (a) an understanding of the accounting principles used by the Company to prepare its financial statements;
- (b) an ability to assess the general application of such accounting principles in connection with the accounting for estimates, accruals and provisions;
- (c) experience preparing, auditing, analyzing or evaluating financial statements that present a breadth and level of complexity of accounting issues that are generally comparable to the breadth and complexity of issues that can reasonably be expected to be raised by the Company's financial statements, or experience actively supervising one or more individuals engaged in such activities; and
- (d) an understanding of internal controls and procedures for financial reporting.

ITEM 4: AUDIT COMMITTEE OVERSIGHT

Since the commencement of the Company's most recently completed financial year, there has not been a recommendation of the Audit Committee to nominate or compensate an external auditor which was not adopted by the Board of Directors.

ITEM 5: RELIANCE ON CERTAIN EXEMPTIONS

Since the commencement of the Company's most recently completed financial year, the Company has not relied on the exemption in section 2.4 (De Minimis Non-audit Services) of MI 52-110 or an exemption from MI 52-110, in whole or in part, granted under Part 8 (Exemptions) of MI 52-110.

ITEM 6: PRE-APPROVAL POLICIES AND PROCEDURES

The Audit Committee has not adopted specific policies and procedures for the engagement of non-audit services; however, as provided for in MI 52-110 the Audit Committee must pre-

approve all non-audit services to be provided to the Company or its subsidiaries, unless otherwise permitted by MI 52-110.

ITEM 7: EXTERNAL AUDITOR SERVICE FEES (BY CATEGORY)

The aggregate fees charged to the Company by the external auditor in the fiscal year ended September 30, 2016 and the nine months ended September 30, 2015 are as follows:

	<u>September 30,</u> <u>2016</u>	<u>September 30,</u> <u>2015</u>
Audit fees	C\$98,686	C\$101,028
Audit related fees	Nil	C\$16,050
Tax Fees	C\$11,700	Nil
All other fees	Nil	Nil
Total Fees:	C\$110,386	C\$117,078

ITEM 8: EXEMPTION

In respect of the most recently completed financial year, the Company is relying on the exemption set out in section 6.1 of MI 52-110 with respect to compliance with the requirements of Part 3 (Composition of the Audit Committee) and Part 5 (Reporting Obligations) of MI 52-110.

EXHIBIT 1

TERMS OF REFERENCE FOR THE AUDIT COMMITTEE

General

Primary responsibility for the Company's financial reporting obligations, information systems, financial information disclosure, risk management and internal controls is vested in Management and overseen by the Board.

The Audit Committee is a standing committee of the Board, the primary function of which is to assist the Board in fulfilling its financial oversight responsibilities, which will include monitoring the quality and integrity of the Company's financial statements and the independence and performance of the Company's external auditor, acting as a liaison between the Board and the Company's auditor, reviewing the financial information that will be publicly disclosed and reviewing all audit processes and the systems of internal controls Management and the Board have established.

Composition and Process

1. The Audit Committee will be comprised of a minimum of three directors. All of the members of the Audit Committee will be independent, as that term is defined in Multilateral Instrument 52 – 110 Audit Committees, unless otherwise exempted by MI 52 - 110.
2. Audit Committee members will be appointed by the Board on an annual basis for a one-year term and may serve any number of consecutive terms, which are encouraged to ensure continuity of experience.
3. All members of the Audit Committee will be financially literate, with financial literacy being 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 Company's financial statements.
4. The Chair of the Audit Committee will be appointed by the Board on an annual basis for a one-year term and may serve any number of consecutive terms. The Audit Committee Chair will arrange for an alternate chair if he or she is planning to be absent.
5. The Audit Committee Chair will, in consultation with Management, the external auditor and internal auditor (if any), establish the agenda for Audit Committee meetings and ensure that properly prepared agenda materials are circulated to the members with sufficient time for review prior to the meeting. The external auditor will also receive notice of all meetings of the Audit Committee. The external auditor will be entitled to attend and speak at each meeting of the Audit Committee concerning the Company's

annual audited financial statements, and any other meeting at which the Audit Committee feels it is necessary or appropriate. The Audit Committee may employ a list of prepared questions and considerations as a portion of its review and assessment process.

6. The Audit Committee will meet a minimum of four times per year, at least once per quarter, and may call special meetings as required. A quorum at meetings of the Audit Committee will be a majority of its members if comprised of an odd number of members and one half of its members if comprised of an even number of members. The Audit Committee may hold its meetings, and members of the Audit Committee may attend meetings, by telephone conference call.
7. At all meetings of the Audit Committee every question will be decided by a majority of the votes cast. In case of an equality of votes, the Audit Committee Chair will not be entitled to a casting vote.
8. The minutes of Audit Committee meetings will accurately record the decisions reached and will be distributed to Audit Committee members with copies to the Board, the CEO, the CFO and the external auditor.
9. The CEO, CFO, any other director or any other person may attend and participate in meetings of the Audit Committee, if invited.

Authority

1. The Audit Committee will have unrestricted access to the Company's personnel and documents and will be provided with the resources necessary to carry out its responsibilities.
2. The Audit Committee will have direct communication channels with the external auditor and internal auditor (if any).
3. The Audit Committee will have the authority to retain (or terminate) any outside counsel, advisors or consultants it determines necessary to assist it in discharging its functions, independently of the Board, Chair or CEO. The Audit Committee will be provided with the necessary funding to compensate any counsel, advisors or consultants it retains.
4. The Audit Committee will enquire about potential claims, assessments and other contingent liabilities.
5. The Audit Committee will periodically review with Management depreciation and amortization policies, loss provisions and other accounting policies for appropriateness and consistency.

6. The Audit Committee will, through the Audit Committee Chair, report to the Board following each meeting on the major discussions and decisions made by the Audit Committee, and will report annually to the Board on the Audit Committee's responsibilities and how it has discharged them.

Relationship with External Auditor

1. The Audit Committee will establish effective communication processes with Management and the external auditor so it can objectively monitor the quality and effectiveness of the external auditor's relationship with the Audit Committee and Management.
2. The Audit Committee will review and discuss with the external auditor any disclosed relationships or services that may impact the objectivity and independence of the external auditor and, if necessary, obtain a formal written statement from the external auditor setting forth all relationships between the external auditor and the Company.
3. The Audit Committee will take, or recommend that the Board take, appropriate action to oversee the independence of the external auditor.
4. The Corporation's external auditor must report directly to the Audit Committee.
5. The Audit Committee must recommend to the Board:
 - (a) a firm of external auditors to act as the independent auditor; and
 - (b) the compensation of the external auditor.
6. Unless otherwise permitted by MI 52-110, the Audit Committee must pre-approve all non-audit services to be provided by the external auditor, together with estimated fees, and consider the impact, if any, on the independence of the external auditor. The Audit Committee may delegate to one or more of its independent members the authority to pre-approve non-audit services, but no such delegation may be made to management of the Company. The pre-approval of non-audit services by any independent member of the Audit Committee to whom such authority has been granted must be presented to the Audit Committee at its first meeting following such pre-approval. Non-audit services will include, without limitation, the following:
 - (a) Bookkeeping or other services related to the Company's accounting records or financial statements.
 - (b) Financial information systems design and implementation.
 - (c) Appraisal or valuation services, fairness opinions or contributions-in-kind reports.

- (d) Actuarial services.
 - (e) Internal audit outsourcing services.
 - (f) Management functions.
 - (g) Human resources.
 - (h) Broker or dealer, investment adviser or investment banking services.
 - (i) Legal services.
 - (j) Expert services unrelated to the audit, including tax planning and consulting.
7. The Audit Committee is directly responsible for overseeing 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, including the resolution of disagreements between Management and the external auditor regarding financial reporting.
8. The Audit Committee will implement structures and procedures as it deems necessary to ensure that it meets with the external auditor on a regular basis independent of Management.

Relationship with Internal Auditor

1. The Audit Committee will review:
- (a) The internal auditor's terms of reference.
 - (b) The plan and budget for preparation of the internal audit, including financial and operational activities.
 - (c) Material reports issued by the internal auditor and management's response to those reports.
2. The Audit Committee will approve the reporting relationship of the internal auditor to ensure appropriate segregation of duties is maintained and the internal auditor has direct access to the Audit Committee.
3. The Audit Committee will ensure the internal auditor's involvement with financial reporting is coordinated with the activities of the external auditor.
4. If no internal audit function exists, the Audit Committee will regularly review the need for such a function.

Accounting Systems, Internal Controls and Procedures

1. The Audit Committee will obtain reasonable assurance from discussions with and/or reports from Management and reports from the external auditor that accounting systems are reliable and that the prescribed internal controls are operating effectively for the Company, its subsidiaries and affiliates. The Audit Committee will review and consider any recommendations made by the external auditor, together with management's response, and the extent to which recommendations made by the external auditor have been implemented.
2. The Audit Committee will ensure that adequate procedures are in place for the review of the Company's disclosure of financial information extracted or derived from the Company's financial statements and will periodically assess the adequacy of those procedures.
3. The Audit Committee will review and discuss with Management and the external auditor the clarity and completeness of the Company's financial and non-financial disclosures made pursuant to applicable continuous disclosure requirements.
4. The Audit Committee will review and discuss with Management and the external auditor any correspondence with regulators or governmental agencies and any employee complaints or published reports which raise material issues regarding the Corporation's financial statements or accounting policies.
5. The Audit Committee will review and discuss with Management and the external auditor the effect of regulatory and accounting initiatives as well as off-balance sheet structures on the Company's financial statements.
6. The Audit Committee will review with the external auditor the quality of the Company's generally accepted accounting principles and direct the external auditor's examinations to particular areas.
7. The Audit Committee will discuss with Management and the external auditor the Company's underlying accounting policies and key estimates and judgments to ensure they are considered to be the most appropriate in the circumstances, within the range of acceptable options and alternatives.
8. The Audit Committee will review the procedures of the internal and external auditors to ensure the combined evaluating and testing of the Company's controls are comprehensive, well co-ordinated, cost effective and appropriate to relevant risks and business activities.
9. The Audit Committee will review all control weaknesses and deviations identified by Management, the internal auditor or the external auditor together with Management's

response, and review with the external auditor their opinion of the qualifications and performance of the key financial and accounting executives.

10. The Audit Committee will review and discuss with Management and the external auditor any proposed changes in major accounting policies and the financial impact thereof, and will from time to time benchmark the Company's accounting policies to those followed in its industry.
11. The Audit Committee will review and discuss with Management the Company's major financial risk exposures and the steps Management has taken to monitor and control such exposures, which will include without limitation a review of:
 - (a) The appetite for financial risk as set forth by Management and the Board.
 - (b) The Company's policies for the management of significant financial risk.
 - (c) Management's assessment of the significant financial risks facing the Company.
 - (d) Management's plans, processes and programs to manage and control financial risk.
12. The Audit Committee will establish procedures for the receipt, retention and treatment of complaints received by the Company regarding accounting, internal accounting controls or auditing matters, and for the confidential, anonymous submission by employees of the Company of concerns regarding questionable accounting or auditing matters.
13. The Audit Committee will 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.
14. The Audit Committee will review the Company's insurance policies, including directors' and officers' coverage, and make recommendations to the Board.
15. The Audit Committee will establish a periodic review procedure to ensure that the external auditor complies with the Canadian Public Accountability Regime under Multilateral Instrument 52 – 108 Auditor Oversight.

Financial Disclosure Responsibilities

The Audit Committee will review and make recommendations on, prior to presentation to the Board for approval and the Company's dissemination to the public, all material financial information required to be disclosed by securities regulations. In fulfilling this responsibility, the Audit Committee will, without limitation, review:

1. The Company's annual and quarterly financial statements (including those of any subsidiaries and affiliates of the Company), management discussion and analysis and news releases, disclosing financial results and any prospectus, annual information form, offering memorandum or other disclosure documents containing financial information extracted or derived from its financial statements.
2. The Company's financial reporting procedures and internal controls to be satisfied that adequate procedures are in place for the review of the Company's public disclosure of financial information extracted or derived from its financial statements, other than disclosure described in the previous paragraph, and periodically assessing the adequacy of those procedures.
3. Disclosures made to the Audit Committee by the Company's CEO and CFO during their certification process of the Company's financial statements about any significant deficiencies in the design or operation of internal controls or material weaknesses therein and any fraud involving management or other employees who have a significant role in the Company's internal controls.

Other Responsibilities

1. Review with the external auditor and, if necessary, legal counsel, any litigation, claim or contingency, including tax assessments, that could have a material effect upon the financial position of the Company and the manner in which these matters are being disclosed in the financial statements.
2. Investigate fraud, illegal acts or conflicts of interest.
3. Discuss selected issues with legal counsel, the external auditor or Management, or conduct special reviews or other assignments from time to time as requested by the Board, or by Management with the Board's approval.
4. Review loans made by the Company to its directors, officers, employees and consultants.
5. The Audit Committee will review and assess its effectiveness, contribution and these Terms of Reference annually and recommend any proposed changes thereto to the Board.

Procedures for Receipt of Complaints and Submissions Relating to Accounting Matters

The Audit Committee should establish procedures for a) the receipt, retention and treatment of complaints received by the Company regarding accounting, internal accounting controls and auditing matters; and b) the confidential, anonymous submission by employees of concerns regarding questionable accounting or auditing matters.

LATTICE BIOLOGICS LTD.
(the “Company”)

SCHEDULE “B”
CORPORATE GOVERNANCE

The Company’s Board of Directors (the “**Board**”) believes that the principle objective of the Company is to generate economic returns with the goal of maximizing Shareholder value, and that this is to be accomplished by the Board through its stewardship of the Company. In fulfilling its stewardship function, the Board’s responsibilities will include strategic planning, appointing and overseeing management, succession planning, risk identification and management, environmental oversight, communications with other parties and overseeing financial and corporate issues. The Board believes that good corporate governance practices provide an important framework for timely response by the Board to situations that may directly affect Shareholder value. The Board is committed to practicing good corporate governance, and has adopted a corporate governance manual, which contains numerous guidelines to help it practice good corporate governance.

ITEM 1: BOARD OF DIRECTORS

The Board must have the capacity, independently of Management, to fulfill its responsibilities. Independence is based upon the absence of relationships and interests that could compromise the ability of a Director to exercise judgement with a view to the best interests of the Company.

The Board has determined that Mr. Stifano and Ms. Thomas are “independent” within the meaning of National Instrument 58-101. The Board has determined that Mr. McInnes, Mr. Cook and Ms. Farmer are not independent on the basis that Mr. McInnes has been the Chief Executive Officer of the Company within the last three years, Mr. Cook is the current Chief Executive Officer of the Company, and Ms. Farmer is the current Chief Financial Officer of the Company.

The Board has determined that Mr. Loud is not independent because he received compensation from the Company in excess of C\$75,000 within the last three years.

The Board believes that it functions independently of Management. To enhance its ability to act independently of Management, the Board may meet in the absence of members of Management or may excuse such persons from all or a portion of any meeting where a potential conflict of interest arises or where otherwise appropriate.

ITEM 2: OTHER DIRECTORSHIPS

Certain of the Director nominees are also directors of other reporting issuers as follows:

Name of Director	Name of Reporting Issuer
Donald A. McInnes	Alterra Power Corp. Galena International Resources Ltd. Royal Nickel Corporation Liberty Gold Inc.

ITEM 3: ORIENTATION AND CONTINUING EDUCATION

New Directors of the Company are provided with an orientation and education program which includes written information about the duties and obligations of directors, the business and operations of the Company, documents from recent board meetings and opportunities for meetings and discussion with senior management and other directors. Specific details of the orientation of each new Director are tailored to that Director's individual needs and areas of interest.

The Company also provides continuing education opportunities to Directors so that they may maintain or enhance their skills and abilities as Directors and ensure that their knowledge and understanding of the Company's business remains current.

ITEM 4: ETHICAL BUSINESS CONDUCT

Given the size of the Board and stage of development of the Company, the Board has determined that the fiduciary obligations placed on Directors pursuant to applicable corporate laws are effective in ensuring ethical business conduct on the part of its Directors.

ITEM 5: NOMINATION OF DIRECTORS

The Board of Directors is responsible for identifying and evaluating qualified candidates for nomination to the Board and its committees.

In making its recommendations, the Board considers the competencies and skills that the Board considers to be necessary for the Board as a whole to possess, the competencies and skills that the Board considers each existing Director to possess, the competencies and skills each new nominee will bring to the Board and the ability of each new nominee to devote sufficient time and resources to his or her duties as a director.

ITEM 6: COMPENSATION

The Board is responsible for reviewing the adequacy and form of compensation paid to the Company's executives and key employees, and ensuring that such compensation realistically reflects the responsibilities and risks of such positions. In fulfilling its responsibilities, the Board evaluates the performance of the Chief Executive Officer and other senior management in light of corporate goals and objectives, and determines compensation levels based on such evaluations.

ITEM 7: OTHER BOARD COMMITTEES

The Board has not established any committees other than the Audit Committee.

ITEM 8: ASSESSMENTS

The Board assesses the overall performance and effectiveness of the Board, its committees and contributions of individual directors on an annual basis. The objective of this review will be to facilitate a continuous improvement in the Board's execution of its responsibilities.