



**NOTICE OF 2015 ANNUAL MEETING**  
**AND**  
**MANAGEMENT INFORMATION CIRCULAR**

May 28, 2015



**PIVOTAL THERAPEUTICS INC.**

**NOTICE OF ANNUAL MEETING OF SHAREHOLDERS**

**NOTICE IS HEREBY GIVEN** that an annual meeting (the “**Meeting**”) of the holders of the common shares of **PIVOTAL THERAPEUTICS INC.** (the “**Corporation**”) will be held on Tuesday, June 30, 2015 at the registered offices of the Corporation, 81 Zenway Blvd., Unit 10, Woodbridge, Ontario L4H 0S5 at 10:00 a.m. (Toronto time) for the following purposes:

1. To receive the audited financial statements of the Corporation as at and for the year ended December 31, 2014, together with the auditors’ report thereon;
2. To elect five directors;
3. To appoint auditors and to authorize the directors to fix the remuneration of the auditors; and
4. To transact such other business as may properly be brought before the Meeting or at any adjournment or adjournments thereof.

The Board of Directors has fixed the close of business on May 26, 2015 as the record date for the determination of Shareholders entitled to notice of this Meeting and any adjournment thereof.

It is desirable that as many shares as possible be represented at the Meeting. If you do not expect to attend, and would like your shares represented, please sign and date the enclosed proxy and return it as soon as possible in the envelope provided.

Proxies must be delivered before 4:00 p.m. (Toronto time) on Friday, June 26, 2015 or, if the Meeting is adjourned, 48 hours (excluding Saturdays, Sundays and holidays), preceding the day and time the adjourned Meeting is reconvened, to the Chief Financial Officer of the Corporation or with the Corporation’s transfer agent, Computershare Investor Services Inc., 100 University Avenue, 8th Floor, Toronto, Ontario, M5J 2Y1.

A copy of the Annual Report, Management Information Circular and form of proxy accompany this Notice of Annual Meeting of Shareholders.

**DATED** at Woodbridge, Ontario, the 28<sup>th</sup> day of May 2015.

**BY ORDER OF THE BOARD**

(signed) “*Eugenio Bortoluzzi*”

**Eugenio Bortoluzzi**  
Chief Executive Officer



## PIVOTAL THERAPEUTICS INC.

### MANAGEMENT INFORMATION CIRCULAR

#### SOLICITATION OF PROXIES

This Management Information Circular (the “**Circular**”) is furnished in connection with **the solicitation of proxies by and on behalf of the management of Pivotal Therapeutics Inc. (“Pivotal” or the “Company”)** for use at the annual meeting (the “**Meeting**”) of holders (“**Shareholders**”) of common shares in the capital of the Company (“**Shares**”) to be held on Tuesday, June 30, 2015 at the at the registered offices of the Corporation, 81 Zenway Blvd., Unit 10, Woodbridge, Ontario L4H 0S5 at 10:00 a.m. (Toronto time) for the purposes set forth in the accompanying Notice of Meeting of Shareholders. The solicitation will be primarily by mail, but proxies may also be solicited personally or by telephone by directors, officers or employees of the Company. The cost of such solicitation will be borne by the Company.

No remuneration will be paid to any person for soliciting proxies, but the Company may, upon request, pay to certain brokerage firms, fiduciaries or other persons holding Shares in their names for others, the charges entailed in sending out the Meeting Materials (as defined below) to the persons for whom they hold Shares.

Information contained in this Circular is given as at May 28, 2015 unless otherwise specifically stated.

#### APPOINTMENT AND REVOCATION OF PROXIES

The persons named in the enclosed form of proxy are senior officers of the Company. **A Shareholder desiring to appoint some other person as his or her proxy holder may do so by either inserting such person's name in the blank space provided in the form of proxy or by completing another legal form of proxy** and, in either case, delivering the completed proxy to the Chief Financial Officer of the Company or to the Company’s transfer agent, Computershare Investor Services Inc., 100 University Avenue, 8th Floor, Toronto, Ontario M5J 2Y1, before 4:00 p.m. (Toronto time) on Friday, June 26, 2015 or, if the Meeting is adjourned, 48 hours (excluding Saturdays, Sundays and holidays), preceding the day and time the adjourned Meeting is reconvened.

A Shareholder executing the enclosed form of proxy has the right to revoke it under Subsection 148(4) of the *Canada Business Corporations Act*. A Shareholder may revoke a proxy as to any matter on which a vote has not already been cast pursuant to the authority conferred by such proxy and may do so: (a) by completing and signing a proxy bearing a later date and depositing it as aforesaid; (b) by depositing an instrument in writing revoking the proxy executed by the Shareholder, or by his or her attorney authorized in writing, before 4:00 p.m. (Toronto time) on Friday, June 26, 2015 or, if the Meeting is adjourned, 48 hours (excluding Saturdays, Sundays and holidays), preceding the day and time the adjourned Meeting is reconvened; or (c) in any other manner permitted by law.

## EXERCISE OF DISCRETION BY PROXIES

The management representatives named in the accompanying form of proxy will vote the Shares in respect of which they are appointed or will withhold such Shares from voting in accordance with the direction of the Shareholders appointing them.

**In the absence of such direction, such Shares will be voted in favour of the passing of the matters set out in the Notice of Meeting. The accompanying form of proxy confers discretionary authority upon the persons named therein with respect to amendments or variations to matters identified in the Notice of Meeting and with respect to other matters which may properly come before the Meeting.** At the date of this Circular, management of the Company knows of no such amendment, variation or other matter to come before the Meeting other than the matters referred to in the Notice of Meeting. If any matters that are not now known should properly come before the Meeting, the persons named in the enclosed form of proxy will vote on such matters in accordance with their best judgment.

## VOTING BY BENEFICIAL SHAREHOLDERS

**The information in this section is of significant importance to Shareholders who do not hold their Shares in their own name.** Only registered holders of Shares (“**Registered Shareholders**”) or the persons they appoint as their proxies are permitted to vote at the Meeting. However, in many cases, Shares beneficially owned by non-registered Shareholders (“**Non-Registered Shareholders**”) are registered either:

- (i) in the name of an intermediary (an “**Intermediary**”) that the Non-Registered Shareholder deals with in respect of the Shares (Intermediaries include, among others, banks, trust companies, securities dealers or brokers and trustees or administrators of self-administered RRSPs, RRIFs, RESPs and similar plans); or
- (ii) in the name of a depository (a “**Depository**”, such as The Canadian Depository for Securities Limited) of which the Intermediary is a participant.

In accordance with the requirements of National Instrument 54-101, the Company will have distributed copies of the Notice of Meeting, this Circular and the form of proxy (collectively, the “**Meeting Materials**”) to the Depository and Intermediaries for onward 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. A Non-Registered Shareholder’s Intermediary requires sufficient time to submit any proxies to the transfer agent before the voting deadline. Generally, Non-Registered Shareholders who have not waived the right to receive Meeting Materials will either:

- (i) be given a form of proxy which has already been signed by the Intermediary (typically by a electronic signature), which is restricted as to the number of Shares beneficially owned by the Non-Registered Shareholder but which is otherwise uncompleted. In this case, the Non-Registered Shareholder who wishes to submit a proxy should properly complete the form of proxy and submit it to the Company, c/o Computershare Investor Services Inc. at the address set forth in the Notice of Meeting; or

- (ii) more typically, be given a voting instruction form (often called a “**proxy authorization form**”) which is not signed by the Intermediary and which must be properly completed and signed by the Non-Registered Shareholder and returned to the Intermediary or the Depository and which the Intermediary or Depository must follow. Typically, the Non-Registered Shareholder will be given a page of instructions, which contains a removable label containing a bar code and other information. In order for the voting instruction form to validly constitute a proxy authorization form, the Non-Registered Shareholder must remove the label from the instructions and affix it to the form, properly complete and sign the form and submit it to the Intermediary or Depository in accordance with the instructions of the Intermediary or Depository.

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

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

As at the date hereof, to the knowledge of the directors and senior officers of the Company, none of the directors or officers of the Company who has been a director or executive of the Company at any time since the beginning of the Company’s last financial year, nor any proposed nominee for election as a director of the Company, nor any associate or affiliate of the foregoing persons, has any material interest, direct or indirect, by way of beneficial ownership of securities or otherwise, in any matter to be acted upon at the Meeting, other than the election of directors.

#### **VOTING SHARES AND PRINCIPAL HOLDERS THEREOF**

As at May 28, 2015, the Company had 94,232,988 Shares issued and outstanding. All shareholders of record at the close of business on May 26, 2015 (the “**Record Date**”) will be entitled at the Meeting to one vote for each of such Shares held except to the extent that such holder has transferred any of such Shares after the Record Date and the transferee of any of such Shares produces properly endorsed share certificates or otherwise establishes ownership thereof and makes a written demand not later than seven clear days before the Meeting to be included in the list of shareholders entitled to vote at the Meeting, in which case the transferee will be entitled to vote such Shares.

Other than as set forth below, as of the date hereof, to the knowledge of the directors and senior officers of the Company, no persons or corporations beneficially own, directly or indirectly, or exercise control or direction over, more than 10% of the issued and outstanding Shares:

- (i) Dr. George Jackowski, Director and Officer of the Company, holds or exercises control over 11,650,000 Shares, representing approximately 12.4% of the issued and

outstanding Shares. In addition, Dr. Jackowski holds options to acquire an additional aggregate 1,500,000 Shares, based on options to acquire 500,000 Shares at a price of \$0.45 per Share until May 24, 2016, options to acquire 500,000 Shares at a price of \$0.20 per Share until March 14, 2019 and options to acquire 500,000 Shares at a price of \$0.20 per Share until April 7, 2019.

- (ii) Crossover Healthcare Fund, LLC (“**Crossover**”) holds 13,683,698 Shares, representing approximately 14.52% of the issued and outstanding Shares. In addition, Crossover has warrants to acquire 6,231,384 Shares expiring October 23, 2018 at an exercise price of \$0.30, warrants to acquire 1,979,136 Shares expiring March 4, 2019 at an exercise price of \$0.30, options to acquire 250,000 Shares at an exercise price of \$0.20 expiring April 7, 2019 and \$1,649,280 in convertible notes maturing March 4, 2016 which are convertible into Shares at a price of \$0.20 per Share. Interest on the Convertible note is calculated at the rate of 8% per annum and payment for the last three periods has been in common shares of the Company, valued at the greater of CDN \$0.20 per share and such price as may be allowed under the CSE policy. On September 26, 2014 Crossover received 166,284 common shares representing the payment of interest for the period June 5<sup>th</sup> to September 4<sup>th</sup>, 2014. On December 17, 2014 Crossover received 164,476 common shares representing the payment of interest for the period September 5<sup>th</sup> to December 4<sup>th</sup>, 2014. On March 25, 2015 Crossover received 162,669 common shares representing the payment of interest for the period December 5<sup>th</sup>, 2014 to March 4<sup>th</sup>, 2015.

## **BUSINESS OF THE MEETING**

### **ANNUAL MATTERS**

#### **1. FINANCIAL STATEMENTS AND AUDITORS’ REPORT**

At the Meeting, the financial statements for the year ended December 31, 2014 and the auditors’ report thereon, will be presented by management of the Company. Such financial statements are contained in the Annual Report of the Company, copies of which have been mailed, together with the Meeting Materials, to Shareholders.

#### **2. ELECTION OF DIRECTORS**

The articles of amalgamation for the Company (“**Articles**”) provide that the board of directors of the Company (the “**Board**”) shall consist of a minimum of one and a maximum of ten directors. Subject to its governing legislation, the Board may determine from time to time by resolution the number of Directors within that provided for in the Articles.

The Board currently consists of five directors. Directors are elected annually at the annual Shareholder meeting and their term of office expires at the next annual Shareholder meeting unless earlier terminated.

Accordingly, five nominees are proposed for election to hold office until the next annual meeting of Shareholders or until their successors are duly elected or appointed in accordance with the by-laws of the Company. **The persons named in the enclosed form of proxy intend to vote FOR the election of the nominees whose names are set forth below unless authority to do so is**

**withheld.** Management of the Company does not contemplate that any of the nominees will be unable to serve as a director, but if that should occur for any reason prior to the Meeting, the persons named in the enclosed form of proxy shall exercise discretionary authority to vote for the election of any other person or persons as directors unless they have been otherwise instructed on the form of proxy.

The following table and notes thereto sets out the name, province or state and country of residence of each person proposed to be nominated for election as a director of the Company; all of the major positions and offices held in the Company by such person; the principal occupation or employment of such person; the year in which such person became a director of the Company or a predecessor of the Company; and the number of Shares of the Company (or options to acquire Shares) that each director has advised the Company are beneficially owned, directly or indirectly, or subject to control or direction by the director, as at the date of this Circular. The Company has not independently verified such information.

<b>Name, Province/State and Country of Residence, Position with the Company and Principal Occupation</b>	<b>Director Since</b>	<b>Approximate Number of Common Shares Beneficially Owned</b>	<b>Options to Acquire Common Shares Held<sup>(1)</sup></b>
<b>Dr. GEORGE JACKOWSKI <sup>(5)(8)</sup></b> King, Ontario, Canada Co-Founder, Director of the Company, and Chief Scientific Officer of the Company	October 2010	11,650,000 <sup>(9)</sup>	1,500,000
<b>Ms. RACHELLE MACSWEENEY <sup>(3)(7)</sup></b> King, Ontario, Canada Co-Founder, Director of the Company, Chief Operating Officer and President of the Company	October 2010	3,000,000 <sup>(9)</sup>	1,500,000
<b>Mr. EUGENIO BORTOLUZZI <sup>(7)</sup></b> Kleinburg, Ontario, Canada Co-Founder, Director, Chief Executive Officer & Chief Financial Officer of the Company	January 2011	3,000,000 <sup>(9)</sup>	1,500,000
<b>Rear Admiral (Ret.) JAMES J. CAREY <sup>(3)(4)</sup></b> Alexandria, Virginia, USA Vice-Chairman, Director of the Company, Retired Rear Admiral, U.S. Navy	March 2011	501,000	850,000
<b>Mr. JOHN S. GEBHARDT <sup>(2)(5)(6)(8)</sup></b> Celebration, Florida, USA Chairman, Director of the Company, Financial Consultant	November 2011	Nil	850,000

Notes:

- (1) Each option is exercisable on its terms for one Share.
- (2) Chairman of the Audit Committee.
- (3) Member of the Audit Committee.

- (4) Chairman of the Compensation Committee.
- (5) Member of the Compensation Committee.
- (6) Chairman of the Corporate Governance Committee.
- (7) Member of the Corporate Governance Committee.
- (8) Dr. Jackowski resigned as Chairman of the Board May 13, 2014 and Mr. Gebhardt appointed Chairman of the Board on that date.
- (9) Includes shares held directly, indirectly and over which they exercise control. (Dr. Jackowski 10,385,000 and spouse 1,265,000; R. MacSweeney 2,800,000 and spouse 200,000; E. Bortoluzzi 2,900,000 and 1383456 Ontario Limited 100,000).



A brief biography of each director follows:

**George Jackowski, Ph.D.**

*Co-Founder, Director and Chief Scientific Officer(CSO) of Pivotal Therapeutics Inc.*

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Dr. Jackowski has been instrumental in the founding of 12 biotechnology companies in his career, four of which became publicly traded. Furthermore, he has contributed to the creation of 12 additional biotechnology companies. He is responsible for the creation of over 1,000 high tech jobs in a hard to fund biotech sector. He has grown companies to market caps of over \$350 million, raised from public capital markets over \$125 million and completed deals with Big Pharma of over \$100 million USD in transactions. Dr. Jackowski is currently Co-founder, Director and CSO of Pivotal Therapeutics Inc. and holds directorships in numerous biotech companies. Prior to creating Pivotal, he was founder, Chairman, CEO and CSO at SynX Pharma Inc. SynX Pharma Inc. was acquired by Nanogen, Inc. in 2004 and it formed a wholly-owned subsidiary, Nanogen Point of Care, Inc. of which Dr. Jackowski was the sole Canadian director. In August 2009, Nanogen, Inc. filed for Chapter 11 in the US and its subsidiary made a voluntary assignment into bankruptcy. He has served as the Chairman of Bio Canada Connect, a Board Member of the Ontario BIO Council and on the Board of Directors for the Canadian Stroke Network. Dr Jackowski has been a delegate in a recent State Visit to the Republic of Poland by Their Excellencies The Right Honourable David Johnston Governor General of Canada and Mrs. Sharon Johnston and participated in Round Table discussions on Canada-Poland: Development and Support of Innovation and Entrepreneurship. Dr. Jackowski has also served on many federal and provincial governmental biotechnology committees and is on the Scientific Board of Advisors for the Innovation Cluster, Trent University. He currently serves on the Board of Directors for a holding company that has greater than ten percent interest in Antibe Therapeutics Inc. (ATE:TSXV). Dr. Jackowski has been intimately involved in the enforcement of patent claims, patent litigation and patent interference proceedings. As one of the pioneers of Canadian Biotech over the past 35 years, Dr. George Jackowski was recognized and awarded the Queen Elizabeth II Diamond Jubilee Medal for his significant contribution to the Canadian Biotech and Pharmaceutical Industries by the Prime Minister of Canada, the Right Honourable Stephen Harper. The Canada Poland Chamber of Commerce honoured Dr. Jackowski with an award for his long career and contributions made with respect to Pharmaceutical Innovation and Research Excellence. Dr. Jackowski also received the 1996 MEDEC Award for Medical Achievement for his invention of the Cardiac STATus™ CK-MB/Myoglobin/Troponin Card Test. He developed and holds the patents on the rapid format immunoassays measuring cardiac enzymes, in particularly Troponin, which aids in the early diagnosis of myocardial infarction and is commercialized worldwide in hospital emergency rooms. Dr. Jackowski, a respected cardiovascular biochemist, was trained at the Cardiovascular Research Institute at the University of San Francisco, California and at the Department of Clinical Biochemistry at the University of Toronto. Dr. Jackowski holds academic positions at the University of Toronto in the Department of Laboratory Medicine and Pathobiology and the Department of Surgery and the Florida Atlantic University, the Centre for Molecular Biology and Biotechnology. His scientific resume includes authoring 45 publications and 66 abstracts, holding over 170 patents filed and issued.

**Rachelle MacSweeney, B.Sc., MBA***Co-Founder, Director, President and Chief Operating Officer*

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Ms. Mac Sweeney co-founded Pivotal Therapeutics Inc. in 2010, and was instrumental in getting Pivotal listed on both the Canadian Securities Exchange (the “CSE”) and OTCQX. She has successfully raised capital through both retail and institutional sources, and was central in securing equity financing and venture capital for the Company. Ms. MacSweeney was key in taking the company’s lead product VASCAZEN® from idea to commercialization, and is active in developing the long-term strategy for both VASCAZEN® and Pivotal. Prior to co-founding the Company, Ms. MacSweeney spent several years as a marketing and business development consultant, primarily in the biotechnology/pharmaceutical industry, as well as the healthcare and homecare products industries. In her current role, Ms. MacSweeney is responsible for managing the commercial functions of business development, licensing, marketing and sales, as well as the internal company operations. Ms. MacSweeney brings to Pivotal a well rounded and polished understanding of business development, project management, and operations, as well as a bright and creative talent for marketing. Ms. MacSweeney holds a Hon. B.Sc. degree in Biomedical Science from the University of Guelph and a Masters of Business Administration (MBA) from Dalhousie University, with specific focus and areas of expertise in marketing, new venture creation, product management and development, and entrepreneurial studies. Ms. MacSweeney is an immediate family member of Dr. Jackowski.

**Eugenio Bortoluzzi, B.Comm., MBA***Co-Founder, Director, Chief Executive Officer & Chief Financial Officer*

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Mr. Bortoluzzi has significant experience in public and private companies ranging from small business environments to TSX and NASDAQ listed international organizations. He is an executive leader with breadth of responsibility encompassing human resources, administration, finance, treasury, investor relations, operations and new business development. He has over 15 years of management experience in public biotechnology companies. Mr. Bortoluzzi’s areas of expertise include: Strategic Planning, Financial Management, Turnarounds, Mergers and Acquisitions, Investments and Analysis, Financial Modeling, Track Record of Raising Capital and Structuring Major Business Deals, Operational Management, Business Development, GPO/Purchasing Contract Negotiations, Track Record of International Sourcing/Trade Relations, U.S. and Canada Regulatory Reporting ensuring complete and ethical disclosure. Prior to co-founding the Company, he was Vice President of Finance and Administration with Compass Construction Resources Ltd. Prior to that, he was Director, Finance and Sales Support at Manulife Investments and served in a limited capacity for nominal compensation as the Chief Financial Officer for Toxin Alert Inc., a reporting issuer in Ontario, Alberta and British Columbia. Despite not being involved in the day-to-day business of the company, as the named CFO for that company, Mr. Bortoluzzi was subject to a number of temporary and permanent cease trade orders issued by the Ontario Securities Commission requiring him to cease trading in the securities of Toxin Alert Inc., relating to the failure of Toxin Alert Inc. to file its annual audited financial statements and management discussion and analysis for each of the years ending June 30 in 2005, 2008 and 2009. The failure to file was directly related to the company’s lack of financial resources. In addition, the failure of Toxin Alert Inc. to file its unaudited quarterly financial statements for the quarter ending September 30, 2009 and December 31, 2009 along with its failure to file the certifications of the foregoing filings was also the subject matter of a temporary cease trade order that became a permanent cease trade order when a cease trade order for the securities of Toxin Alert Inc. was issued on March 9, 2009 by the British Columbia

Securities Commission, on March 22, 2010 by the Ontario Securities Commission and on July 27, 2009 by the Alberta Securities Commission. The ban on trading in the securities of Toxin Alert Inc. remains in effect.

**James J. Carey, Rear Admiral (Ret.)**

*Vice-Chairman, Director, Chairman of the Compensation Committee*

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Rear Admiral (Ret.) James J. Carey served in uniform for 34 years in the U.S. Navy, retiring with the rank of Rear Admiral. He was appointed to the U.S. Federal Maritime Commission by President Ronald Reagan and confirmed by the United States Senate in 1981, and served Presidents Reagan and Bush for nine years, including six years as the elected President of the Reagan Administration Presidential Appointees Organization. Admiral Carey is a former Chairman of the U.S. Federal Maritime Commission (FMC) in Washington, DC and currently serves as Chairman of the National Defense Committee in Washington, DC and as National Chairman of The Flag and General Officers' Network. In recent years, Admiral Carey has been actively involved in philanthropic, youth leadership training, humanitarian aid and working with the United Nations. He is Chairman of The Rear Admiral James J. Carey Foundation, which annually funds a delegation of young men and women who attend the United Nations Youth Assembly each August. He also sponsors career-transition training for wounded military veterans as they leave active duty in the armed forces and move into the civilian work force. His Admiral Carey Foundation sponsors and helps fund the Washington Scholars Women of Achievement and Men of Accomplishment, which recognizes some of North America's best and brightest young men and women from Canada and the U.S. who have chosen national or international public policy as their life's career path. He is also Chairman of the Science in Service to Humanity Foundation (SSHF) in Washington, DC.

**John S. Gebhardt**

*Chairman, Director, Chairman of the Corporate Governance Committee, Chairman of the Audit Committee*

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Mr. Gebhardt has served as a money manager and financial consultant to public companies since retiring from over thirty years of experience on Wall Street, where he provided hands on management of marketing, sales, equity trading, regulatory compliance, developing annual operating plans and budgets. He has a demonstrated ability in product development, delivery, management, problem solving, and building motivated winning teams. Mr. Gebhardt has held various securities licenses, including a General Securities Principal License, and served on the NASDAQ Intermarket Committee from 1994-98. He has worked in various investment firms, including PaineWebber (now a unit of UBS Financial), from 1981-98 where he originated their NASDAQ/OTC marketing and sales department guiding them to a #1 industry ranking, created the first fully automated NASDAQ/OTC Markets Stop Order System—which still serves as the industry standard—and originated and managed their Third Market Trading Department, leaving as a Managing Director and joined Knight Capital Markets as a Managing Director where he originated and managed their Listed Block Trading Desk from 1998-2001, attaining a top industry ranking. Mr. Gebhardt currently serves as a director of The American Energy Group Ltd. (AEGG:OTC US), an oil and gas royalty company, has served on a public school board in New York State for twelve years and is still very involved in public service organizations serving children as well as currently serving as an elected public official in the State of Florida. He

attended the Stern School of Business at NYU and the Lubin School of Business at Pace University.

### 3. APPOINTMENT OF AUDITOR

Unless the Shareholder has specified in the enclosed form of proxy that the Shares represented by such proxy are to be withheld from voting on the appointment of the Company's auditor, **the management representatives named in the accompanying form of proxy intend to vote FOR the appointment of MNP LLP, Chartered Accountants, as auditor of the Company, to hold office until the next annual meeting of Shareholders**, and for the authorization of the directors to fix the auditor's remuneration. MSCM LLP, who has been the auditor of the Company since its amalgamation in 2011, merged with MNP LLP in 2013.

For the year ended December 31, 2014, MNP (including MSCM) was paid as set out below:

	<b>Year ended December 31, 2014</b>	<b>Year ended December 31, 2013</b>
Audit Services	\$47,615	\$49,450
Audit-related Services	\$ Nil	\$ Nil
Tax Services	\$ Nil	\$ Nil
All other fees	\$ 9,252	\$ 7,113
<b>Total</b>	<b>\$56,867</b>	<b>\$56,563</b>

### 4. OTHER

Unless otherwise specified herein, the information contained herein is given as of May 28, 2015. Management of the Company knows of no other matters to come before the Meeting other than the matters referred to in the Notice of the Meeting. If any matters which are not now known should properly come before the Meeting, proxies will be voted on such matters in accordance with the best judgment of the person voting them.

## STATEMENT OF EXECUTIVE COMPENSATION

### Compensation Discussion and Analysis

The Company's executive compensation program is designed to provide short and long-term rewards to executive officers and other employees that are consistent with individual and corporate performance and their contribution to Pivotal's objectives. The objectives of the Company with respect to compensation of executive officers are to provide compensation levels necessary to attract, motivate and retain high quality executives and to encourage and reward superior performance that contributes to the interests of the Company and its Shareholders. These objectives are to be met by the principal components of the Company's executive compensation program, as set out in greater detail below.

The total compensation plan for senior executives of the Company includes four components: base salary, annual discretionary cash bonus, annual benefits and a long-term component based on stock options.

### *Base Salary*

Base salary is reflective of responsibilities and annual increases should, at a minimum, reflect inflationary pressures and changes in duty. At the date of hire, base salary is determined using a number of factors including industry comparators and relevant experience and is set out in the employment agreement. Annual increases are determined based upon reference to data on compensation levels of executives in comparable companies (i.e. public companies in the drug development/biotech/healthcare sector) as well as annual performance evaluation and underlying economic circumstances. The Compensation Committee recommends the annual base salary increase for the Chief Executive Officer, the Chief Operating Officer and the Chief Scientific Officer to the Board of Directors of the Company for approval.

### *Annual Incentive Plans and Benefits*

Cash bonuses are not generally awarded to individuals at this stage of development of the Company. Benefits commensurate with those paid to senior officers of companies of similar size and scopes to Pivotal are paid to Pivotal's executive officers.

The Board of Directors of the Company, on recommendation from the Compensation Committee, has final approval of the amounts paid to the executive officers under the annual incentive plan.

### *Stock Options*

The long-term component of compensation for executive officers, including the Chief Executive Officer, Chief Operating Officer and Chief Scientific Officer, is based on stock options. This component of compensation is intended to reinforce management's commitment to long-term improvements in Pivotal's performance and shareholder value. The stock option plan includes initial option grants upon hire. Thereafter, options may be granted based upon recommendations of the Compensation Committee. The Chief Executive Officer recommends the amount of options grants for each of his direct reports who are then presented to the Compensation Committee for review. The Compensation Committee will then, after making any revisions they deem necessary, recommend the option grants to the Board of Directors for their approval.

### *Compensation of the Chief Executive Officer*

The total compensation package available for the Chief Executive Officer of Pivotal includes a base salary, a discretionary bonus component, benefits and a long-term component based on stock options. Compensation is based upon the factors outlined above, including a comparison with compensation of senior officers of companies of similar size and scope to Pivotal and the performance of Pivotal. In the interest of fiscal responsibility, the CEO has agreed with the Company that his discretionary bonus will commence only once revenues have commenced.

## **Listing**

The Company's Shares have been posted for trading on the Canadian National Stock Exchange ("CNSX"), now referred to as the Canadian Securities Exchange (the "CSE"), since May 19, 2011 under the symbol PVO. As of April 3, 2012, the Company's Shares have been posted for trading on the OTCQX, in the United States, under the symbol PVTTF.

## Summary Compensation Table

The following table provides a summary of all compensation awarded or paid to, or earned by the Company's Chairman and Chief Scientific Officer, Chief Executive Officer and Chief Financial Officer, and Chief Operating Officer and President (collectively referred to as the "Named Executives") during the year ended December 31, 2014, December 31, 2013, December 31, 2012 and the three month fiscal period ended December 31, 2011.

Name and Principal Position	Fiscal Period Ended <sup>(1)</sup>	Salary (\$)	Option-Based Awards (#)/(\$) <sup>(2)</sup>	Non-Equity Incentive Plan Compensation (\$)	All Other Compensation <sup>(3)</sup> (\$)	Total Compensation (\$)
<b>George Jackowski, Chief Scientific Officer, Chairman and Director</b>	2014	360,000	1,000,000/Nil	-	-	360,000
	2013	240,000	Nil	-	\$20,000	260,000
	2012	240,000	Nil	-	-	240,000
	2011	240,000	500,000/Nil	-	-	240,000
	2010	60,000	Nil	-	-	60,000
<b>Eugenio Bortoluzzi, Chief Executive Officer, Chief Financial Officer and Director</b>	2014	300,000	1,000,000/Nil	-	-	300,000
	2013	180,000	Nil	-	\$10,000	190,000
	2012	180,000	Nil	-	-	180,000
	2011	172,500	500,000/Nil	-	-	172,500
	2010	-	Nil	-	-	-
<b>Rachelle MacSweeney, Chief Operating Officer, President and Director</b>	2014	240,000	1,000,000/Nil	-	74,630	314,630
	2013	120,000	Nil	-	\$10,000	130,000
	2012	120,000	Nil	-	-	120,000
	2011	120,000	500,000/Nil	-	-	120,000
	2010	30,000	Nil	-	-	30,000

### Notes:

- (1) The Company amalgamated in April 2011.
- (2) The options granted in 2011 were all vested at December 31, 2011. The grants were made on May 24, 2011 and the dollar value is based upon the share price of \$0.45. In 2014, Management received 1,000,000 stock options each and the dollar value based upon the share price is \$0.20. On March 14, 2014, 500,000 previously reserved stock options were granted in recognition of the contributions management made in 2012. On April 7, 2014, 500,000 previously reserved stock options were granted in recognition of the contributions management made in 2013.
- (3) Includes bonus, car allowance, memberships and life insurance premiums as well as annual RRSP contributions.

## **Executive Employment and Consulting Agreements**

Effective January 2, 2014, the Company entered into employment agreements of indefinite terms with each of Mr. Eugenio Bortoluzzi (Chief Executive Officer & Chief Financial Officer) and Ms. Rachelle MacSweeney (President & Chief Operating Officer), as well as a consulting agreement with 1383455 Ontario Limited for a term ending December 31, 2018 (unless terminated earlier) to provide the services of its principal, Dr. George Jackowski, to serve as a member of the Board and Chief Scientific Officer of the Company. The consulting agreement may be extended by written agreement.

Under the terms of their respective agreements with the Company, each of the Named Executives has agreed not to compete, nor to recruit or solicit officers, employees or customers, for one year following employment and is appointed to the Board through the period of active engagement. Each of the employed Named Executives is entitled to an annual base salary, along with bonuses and grant of options (if approved by the Board), participation in benefit plans, a car allowance and reimbursement of reasonable out-of-pocket expenses incurred in performing their respective duties for the Company. Pursuant to their respective agreements, Dr. Jackowski's consulting company is entitled to base compensation of \$360,000, Mr. Bortoluzzi is entitled to a base salary of \$300,000 and Ms. MacSweeney is entitled to a base salary of \$240,000. In addition, if she elects to take a maternity leave, Ms. MacSweeney is entitled to receive a supplement to any maternity benefits to raise them to 100% of salary.

Under the consulting agreement recently entered into, the consultant is entitled to any additional fees agreed to by the Company as an incentive or reward. In addition, if the consulting agreement is extended, the consultant may receive additional incentive fees annually, capped at 50% of the consulting fee.

## **Termination and Change of Control Provisions**

Under the employment agreements, each employed Named Executive is entitled to receive six months' salary if terminated due to disability; if terminated without cause, 24 months' notice or payment in lieu thereof based on the current salary and bonus received in the immediately preceding year. If a change of control or sale of business of the Company occurs ("**Change of Control**"), any termination without cause within 12 months of the Change of Control increases the payment to 36 months' pay in lieu of notice and such Named Executive may elect to treat his or her employment as so terminated within 30 days following a Change of Control.

In addition to the above payments, all unvested stock options will vest for each of the Named Executives and each of the employed Named Executives is entitled to continue to receive employee benefits for six months and the car allowance for 12 months, following the date of termination, and be entitled to outplacement counselling services.

Pursuant to the consulting agreement, upon termination of the engagement without cause, the consultant is entitled to receive 24 months' notice or payment in lieu thereof based on the current compensation received in the immediately preceding year. In the event of a Change of Control, this payment increases to 36 months' pay in lieu of notice and the consultant may elect to treat its engagement as so terminated within 30 days following a Change of Control.

## Incentive Plan Awards

### *Outstanding Option-Based Awards*

The following table sets forth the details of all option-based awards granted to Named Executives that are outstanding at December 31, 2014:

Name	Number of Securities Underlying Unexercised Options (#)	Option Exercise Price (\$)	Option Expiration Date	Value of Unexercised in-the-Money Options (\$)
<b>George Jackowski</b>	500,000	0.45	May 24, 2016	Nil
	500,000	0.20	March 14, 2019	Nil
	500,000	0.20	April 7, 2019	Nil
<b>Eugenio Bortoluzzi</b>	500,000	0.45	May 24, 2016	Nil
	500,000	0.20	March 14, 2019	Nil
	500,000	0.20	April 7, 2019	Nil
<b>Rachelle MacSweeney</b>	500,000	0.45	May 24, 2016	Nil
	500,000	0.20	March 14, 2019	Nil
	500,000	0.20	April 7, 2019	Nil

### *Incentive Plan Awards - Value Vested or Earned During the Year*

The following table sets forth the value of option-based awards granted to Named Executives that vested during the fiscal year ended December 31, 2014 and the value of all non-equity incentive plan compensation earned by Named Executives during such year:

Name	Option-Based Awards – Value Vested During the Year (\$)	Non-Equity Incentive Plan Compensation – Value Earned During the Year (\$)
<b>George Jackowski</b>	Nil	Nil
<b>Eugenio Bortoluzzi</b>	Nil	Nil
<b>Rachelle MacSweeney</b>	Nil	Nil

## Pension Plan Benefits

The Company does not maintain any defined benefit pension plans or defined contribution pension plans.

## Termination and Change of Control Benefits

The termination benefits to which the Named Executives are entitled are set out above under *Executive Employment and Consulting Agreements – Termination and Change of Control Provisions*. During the financial year ended December 31, 2013, there were no employment agreements in place between the Company and any executive, and no compensatory plans, contracts or arrangements where an executive would be entitled to receive any compensation from the Company, including periodic payments or instalments, in the event of:



- (a) the resignation, retirement or any other termination of the Named Executives' employment with the Company and its subsidiaries;
- (b) a change of control of the Company or any of its subsidiaries; or
- (c) change in such executive's responsibilities following a change in control.

### Compensation Committee

The Compensation Committee is currently comprised of the following three directors: James J. Carey (Chairman), John Gebhardt and Dr. George Jackowski. The Committee's responsibilities with respect to compensation matters include: (i) reviewing and making recommendations to the Board with respect to compensation of the executives and (ii) making recommendations to the Board with respect to non-executive compensation, incentive compensation plans and equity-based plans. All of the members of the Compensation Committee except Dr. Jackowski are independent directors. Each member of the Compensation Committee, having served in very senior roles in management in other capacities, has experience in compensation matters that is relevant to his responsibility with respect to executive compensation.

The employment and consulting agreements for the Named Executives described above became effective January 2, 2014 following approval of the Board and based on recommendations of the independent members of the Compensation Committee. In establishing the compensation the Compensation Committee examined the compensation practices at a number of publicly traded companies in the biotechnology field having comparative size and stage of development as the Company.

### Director Compensation

#### *Director Compensation Table*

The following table presents the details of all compensation provided to the outside directors of the Company for the year ended December 31, 2014:

Name	Fees Earned (\$)	Option-Based Awards (\$)	All Other Compensation (\$)	Total (\$)
James Carey	23,000 <sup>(2)</sup>	-	2,248 <sup>(2)</sup>	25,248 <sup>(2)</sup>
John Gebhardt	23,000 <sup>(2)</sup>	-	3,090 <sup>(2)</sup>	26,090 <sup>(2)</sup>
Dr. John Nicholson <sup>(1)</sup>	2,500 <sup>(2)</sup>	-	-	2,500 <sup>(2)</sup>
James Connolly <sup>(1)</sup>	2,000 <sup>(2)</sup>	-	3,730 <sup>(2)</sup>	5,730 <sup>(2)</sup>

(1) Dr. Nicholson and James Connolly resigned as directors effective April 17, 2014.

(2) Paid in U.S. Dollars

Commencing July 1, 2014, the Corporation established an annual cash retainer of \$25,000 for external directors and that no other cash remuneration be paid to any director. All amounts payable to directors residing in Canada shall be paid in Canadian dollars and all amounts payable to directors residing outside of Canada shall be paid in US dollars, without calculating any exchange rate. In addition to or alternatively in lieu of cash compensation, longer-term

compensation in the form of stock options or share equivalents may be considered, provided that no compensation securities may be granted at less than the current market value on the date preceding the date of grant.

All directors are reimbursed for reasonable out-of-pocket travel and other expenses incurred by them in attending meetings of the Board or any Committee. Directors and officers of the Company are covered by insurance in respect of liability that may be incurred by them acting in such capacity, unless the liability arises because such director or officer fails to act honestly and in good faith with a view to the best interests of the Company.

Pursuant to an agreement with Crossover Healthcare Fund, LLC (“**Crossover**”), the Company agreed to appoint a director nominated by Crossover following completion of an equity private placement. Dr. John Nicholson was appointed as a director in November 2013 in accordance with this agreement. Subsequently, an oral arrangement was made with Crossover to nominate an additional director following completion of a debt financing in March 2014. Mr. James Connolly was appointed a director of the Company in March 2014 in accordance with the subsequent arrangement. Both Dr. Nicholson and Mr. Connolly resigned in April 2014 and no further agreements or arrangements with respect to the appointment or election of directors of the Company exist.

#### *Outstanding Option-Based Awards*

The following table sets forth the details of all outstanding option-based awards for the non-executive directors of the Company at December 31, 2014:

<b>Name</b>	<b>Number of Securities Underlying Unexercised Options (#)</b>	<b>Option Exercise Price (\$)</b>	<b>Option Expiration Date</b>	<b>Value of Unexercised in-the-Money Options (\$)</b>
<b>James Carey</b>	99,000 <sup>(1)</sup>	0.10	Mar. 10, 2016	Nil
	250,000	0.30	Aug. 26, 2016	Nil
	250,000	0.20	Mar. 14, 2019	Nil
	251,000	0.20	Apr. 7, 2019	Nil
<b>John Gebhardt</b>	50,000	0.30	Aug. 26, 2016	Nil
	100,000	0.25	Nov. 22, 2016	Nil
	200,000	0.29	Mar. 29, 2017	Nil
	250,000	0.25	Mar. 14, 2019	Nil
	250,000	0.30	Apr. 7, 2019	Nil
<b>Giuseppe (Joe) Simeone</b>	100,000	0.10	Mar. 10, 2016	Nil
	250,000	0.30	Aug. 26, 2016	Nil
	250,000	0.20	Mar. 14, 2019	Nil
	250,000	0.20	Apr. 7, 2019	Nil

<sup>(1)</sup> Mr. Carey exercised 1,000 options prior to December 31, 2011.

**SECURITIES AUTHORIZED FOR ISSUANCE UNDER EQUITY COMPENSATION PLANS AS OF DECEMBER 31, 2014**

*Stock Option Plans, Grants and Exercises*

<b>Plan Category</b>	<b>Number of Common Shares to be issued upon exercise of outstanding options (a)</b>	<b>Weighted-average exercise price of outstanding options (b)</b>	<b>Number of Common Shares remaining available for future issuance under the Plan (excluding Common Shares reflected in column (a) (c))</b>
Equity compensation plans approved by Shareholders	12,325,000	\$0.23	1,695,385
Equity compensation plans not approved by Shareholders	N/A	N/A	N/A
<b>Total</b>	<b>12,325,000</b>	<b>\$0.23</b>	<b>1,695,385</b>

The Company has granted options to officers and directors under its stock option plan. Options are granted and approved by the Board of Directors on the recommendation of the Compensation Committee and are generally granted at market prices. Vesting and expiry date of the options vary and are authorized by the Board of Directors at the time of the grant.

The following table sets out the respective exercise price and expiry dates for the above noted options:

<b>Number of Options Granted</b>	<b>Exercise Price</b>	<b>Expiry Date</b>
300,000	\$0.10	Jan. 11, 2016
200,000	\$0.10	Feb. 7, 2016
899,000	\$0.10	Mar. 10, 2016
1,500,000	\$0.45	May 24, 2016
100,000	\$0.30	Aug. 18, 2016
550,000	\$0.30	Aug. 26, 2016
200,000	\$0.25	Nov. 22, 2016
200,000	\$0.29	Mar. 29, 2017
3,800,000	\$0.20	Mar.14, 2019
3,576,000	\$0.20	Apr. 7, 2019
1,000,000	\$0.20	Sept. 12, 2019

Options to purchase 1,000 Shares have been exercised as at December 31, 2011. During the 2014 fiscal year, no options were exercised..

As at December 31, 2014, options to purchase an aggregate of 12,325,000 Shares were outstanding and unexercised. Options to purchase an aggregate 1,809,948 Shares remain available for grant under the Stock Option Plan as at June 2, 2015.

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

No executive officers, directors, employees, former directors or employees of the Company nor any of its subsidiaries are indebted to the Company.

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

Except as otherwise disclosed in this Circular, no informed person of the Company, any proposed director of the Company or any associate or affiliate of any such persons has had any material interest, direct or indirect, in any transaction of the Company during the last fiscal year or in any proposed transaction which has materially affected or would materially affect the Company or any of its subsidiaries.

## **CORPORATE GOVERNANCE**

Strong, effective corporate governance is a necessary foundation to improved performance and Shareholder confidence and is a key commitment of the Company.

As Shareholders are aware, a series of guidelines, rules, regulations, listing standards and legislation has been passed or adopted over the last several years to assist companies in establishing best practices and to address concerns about governance. These include National Instrument 58-101 – *Disclosure of Corporate Governance Practices* (“**NI 58-101**”) and National Policy 58-201 – *Corporate Governance Guidelines* (“**NP-201**”) passed by the Canadian Securities Administrators.

The Board believes that good corporate governance practices provide an important framework for timely response by the Board to situations that may directly impact shareholder value and that the Board’s effectiveness is a combination of structure, membership and process.

In developing Pivotal’s policies and practices, the Board and the Corporate Governance Committee have carefully considered the Board’s structure, membership and its processes.

Set out below are certain key policies and practices that are, in the Company’s view, essential in creating a Board and committees of the Board that can function effectively, add value to the Company and evidence the various roles and shared responsibilities of both management and the Board. In addition, Schedule “A” to this Circular describes the Company’s various governance practices with reference to the corporate governance guidelines set out in NP 58-201.

### **Board Membership, Independence and Alignment**

The Company believes that a strong and independent board is fundamental to effective corporate governance. During the period ending December 31, 2014, the Company had a maximum of five directors. Two of the directors serving all year are independent; their sole relationship with the Company is as members of the Board.

The three management directors who are not independent are all officers of the Company, including the Chief Scientific Officer, Dr. George Jackowski, the CEO and CFO, Mr. Eugenio Bortoluzzi, and the President and COO, Ms. Rachelle MacSweeney. Ms. MacSweeney is an immediate family member of Dr. Jackowski. The remaining directors for the majority of the year, Messrs. Carey and Gebhardt, are “independent” in that they have not identified to the Company any interest and any business or other relationship with the Company, which could or could reasonably be perceived to materially interfere with the director’s ability to act with the best interests of the Company, other than the interests and relationships arising from any shareholdings.

Dr. John Nicholson, joined the Board on October 30, 2013 following the closing of an equity private placement by the Company with Crossover Healthcare Fund, LLC (“**Crossover**”). Dr. Nicholson was nominated as a director of the Company by Crossover. Dr. Nicholson subsequently resigned as a director on April 17, 2014.

James Connolly, joined the Board on March 10, 2014 following the closing of the Company’s debt financing on March 4, 2014 led by Crossover Healthcare Fund, LLC”. Mr. Connolly was nominated as a director of the Company by Crossover. Mr. Connolly subsequently resigned as a director on April 17, 2014.

Brief biographies of the directors proposed to continue, listing their affiliations and directorships, are included earlier in this Circular and indicate the breadth, scope and diversity of their experience, all of which makes a major contribution to the Company, its operations and evolving needs. To the knowledge of the Company, the only Board members currently holding directorships with any other reporting issuer (or equivalent) are Mr. Gebhardt and Dr. Jackowski, as set out in their respective biographies.

The independent directors of the Company have the ability to meet without management. During 2014, there was one formal meeting of the independent directors without management present in addition to a number of informal meetings of the independent directors.

The Board Chair is charged with the responsibility of leading the Board and organizing it to function in partnership with management of the Company in order to facilitate the achievement of the goals of the Company including sustainable growth and maximizing shareholder value. The Chair is also charged with ensuring appropriate oversight of the management of the ongoing business and affairs of Pivotal, and fostering and supporting ethical and responsible decision making. Consistent with current governance practices, the Company appointed an independent Chair in May 2014. Accordingly, as at the date of this Circular, both the Chair and Vice Chair of the Board are independent directors of the Company.

### **Ethical Business Conduct**

The Company's business conduct and ethics are embodied in certain core values, including mutual trust, respect for people, integrity and commitment to excellence. At Pivotal, ethical behaviour is the responsibility of all employees, not simply that of senior officers. The Board of Directors and management of the Company expect all directors, officers, employees and consultants to conduct the business of the Company in strict compliance with both the letter and spirit of all applicable laws and in full adherence with the highest standards of business integrity and ethics.

## **Board Orientation and Continuing Education**

New directors are introduced to the business of the Company through an initial orientation program, including meetings with the senior executives and tours of the business operations, so that they have a clear understanding of such business operations, and the Company can more effectively leverage their capability in the context of such business. Given the stage of development of the Company, specific details of the orientation of each new director are tailored to that director's individual needs and areas of interest in order to limit expenditures on programs that do not directly contribute to the delivery of the Company's commercialization program.

## **Board and Director Assessments**

Like any process, corporate governance practices must be reviewed on a regular basis to ensure that the practices remain relevant and effective for the Company. The Company has not been in existence long enough to have conducted any assessments. The Corporate Governance Committee, however, is charged with the responsibility to review the performance of the Board members annually. In addition, the Committee regularly reviews and evaluates its practices against various governance guidelines and best practices.

## **Meetings and Strategic Planning**

The Board is actively involved on an ongoing basis in reviewing, providing input on and approving the Company's overall strategic plan, business plan and any strategic investments. The frequency of meetings depends upon the state of Pivotal's operations and the opportunities and challenges which the Company faces. In addition to the formal meetings, there are informal consultations between senior management and directors. There were 17 formal meetings of the Board during the year ended December 31, 2014.

<b>Summary of Board and Committee Meetings Held For the year ended December 31, 2014</b>	
Board	17
Finance & Audit Committee	5
Compensation Committee	2
Corporate Governance Committee	1

Board	17
Finance & Audit Committee	5
Compensation Committee	2
Corporate Governance Committee	1

**Summary of Director Attendance  
For the year ended December 31, 2014**

<b>Director</b>	<b>Board Meetings Attended</b>	<b>Finance &amp; Audit Committee Meetings Attended</b>	<b>Compensation Committee Meetings Attended</b>	<b>Corporate Governance Committee Meetings Attended</b>
Dr. Jackowski	15 of 17	N/A	2 of 2	N/A
Mr. Bortoluzzi	17 of 17	N/A	N/A	1 of 1
Ms. MacSweeney	17 of 17	5 of 5	N/A	1 of 1
Mr. Gebhardt	17 of 17	5 of 5	2 of 2	1 of 1
Mr. Carey	16 of 17	5 of 5	2 of 2	N/A
Dr. Nicholson	4 of 17	N/A	N/A	N/A
Mr. Connolly	3 of 17	N/A	N/A	N/A

**Risk Management**

The Board plays a significant oversight role in risk management, principally through the Audit and Compensation committees. Risk is identified and managed at the corporate level and is reviewed with the committees on a regular basis and reported to the Board.

**Shareholder Communications**

Pivotal has a Disclosure Committee consisting of the Chief Executive Office & Chief Financial Officer and the President & Chief Operating Officer, with the objective of having a clear and effective process to provide timely, accurate, consistent and non-selective disclosure of all material information to all of the Company's stakeholders. This Committee reviews and, where appropriate approves, all material and external communications.

In addition, the Board and/or the Audit Committee review and approve material Company filings, including this Circular, the Annual Report, interim and annual financial statements and management's discussion & analyses thereon and financial press releases.

Further information on the Company can be found at [www.sedar.com](http://www.sedar.com). In addition, Shareholders can contact the Company's transfer agent, Computershare Investor Services Inc., at (416) 263-9649.

Current stock prices, financial reports, recent press releases and annual reports are accessible on the Pivotal website at [www.pivotaltherapeutics.us](http://www.pivotaltherapeutics.us), on SEDAR [www.sedar.com](http://www.sedar.com), the CSE [www.cnsx.ca](http://www.cnsx.ca) under the symbol "PVO" and OTCQX [www.otcqx.com](http://www.otcqx.com) under the symbol "PVTTF".

## **The Board**

The Board has the statutory duty to manage or supervise the management of the business and affairs of the Company. In carrying out such duties and exercising their powers, each director is required to act honestly and in good faith with a view to the best interests of the Company and to exercise the care, diligence and skill that a reasonably prudent person would exercise in comparable circumstances. The directors are also given the right to delegate certain of their duties and responsibilities to committees of the Board. A description of the committees to which the Board has delegated certain duties and responsibilities as well as a description of those duties and responsibilities follows. The principal duties and responsibilities which have been retained by the Board include contributing to the formulation of and approving strategic plans; monitoring Company performance and the execution of its business plans; reviewing the Company's financial performance; reporting and disclosure; approving the annual financial statements of the Company; obtaining reasonable assurance as to the adequacy of the internal controls; approving all significant Company transactions; appointing the Chair, CEO and senior executives of the Company and planning their succession on the recommendation of the Compensation Committee; overseeing the identification of the principal risks and the implementation of appropriate processes and systems to manage such risks; and reviewing and approving key policies developed by management around ethical conduct, compliance, and practices.

## **The Committees**

The Board has created and delegated some of its duties to three standing committees of the Board: the Audit Committee, the Compensation Committee, and the Corporate Governance Committee. Each of the committees has a written mandate, which sets out its principal duties and responsibilities, all of which are reviewed annually. All committees are comprised of a majority of independent directors except for the Corporate Governance Committee, which has a single independent director.

A summary of the key responsibilities of the committees is set out in Schedule "A".

## **Trading in Company Securities**

The Company has established blackout periods during which insiders of the Company, including directors and senior officers, cannot trade securities of the Company. In addition, to the extent that the Company is engaged in material undisclosed activities, additional blackout periods are formally imposed. These blackout periods apply to all securities whether held directly or in any equity compensation plan. There are no separate blackout periods related to non-insider plan participants. Directors and senior officers are required to report any trading in securities of the Company within the requisite period required under the *Securities Act* (Ontario).

## **Equity Compensation Plans**

The Company's Stock Option Plan was approved by the Shareholders. Any changes to such plan may require Shareholder approval.



## **Nomination Committee Process**

The Company's current governance practices address a number of the disclosure rules including the requirement for a nomination committee, a nomination committee charter and confirmation as to independence of the committee's members.

In addition, Pivotal's Corporate Governance Committee reviews the composition of the Board on a regular basis, taking into account a number of factors, including the evolving needs of the Company and, the breadth and depth of experience of the Board members. The Committee evaluates the makeup of the Board and particular skill sets, which would be beneficial to the overall strategy and evolving business requirements of the Company. These skill sets include medicine/science, information technology, marketing and sales, general management, business, finance, government relations, academia, human resources, and governance. Potential nominees for the Board currently come from a number of sources including recommendations of existing independent Board members and senior management.

All proposed candidates are reviewed by members of the Corporate Governance Committee, the Board Chair and certain members of senior management. A final decision as to whether they will be proposed to the Shareholders as nominees is made by the Board.

## **Director Independence**

It is the objective of the Board that all non-employee directors meet the criteria for independence as set out in applicable securities laws. In addition, the Company's Corporate Governance Guidelines and Practices require that members of the Audit Committee satisfy the independence requirements under applicable securities laws for members of audit committees.

Based on the information provided by the directors at the time of their appointment to the Board, the Board has determined that two of the directors for 2014, Messrs. Carey and Gebhardt are independent of the Company as defined by applicable securities laws.

## **Shareholder Communications with the Board**

Shareholders and other interested parties may communicate directly with the Board or the independent directors. All communications should be in writing and should be directed to the Board Chair or the Company's CEO at Pivotal Therapeutics Inc., 81 Zenway Blvd., Unit 10, Woodbridge, Ontario, L4H 0S5 or by e-mail to: [ebortoluzzi@pivotaltherapeutics.us](mailto:ebortoluzzi@pivotaltherapeutics.us).

The sender should indicate in the address whether it is intended for the entire Board, the independent directors as a group, or an individual director. Each communication intended for the Board or independent directors received by the Chair or CEO will be forwarded to the intended recipients subject to compliance with instructions from the Board in effect from time to time concerning the treatment of inappropriate communications.

## **Overall Approach**

The Board and senior management believe that the Company's current governance practices are appropriate and comply in all material respects with applicable statutory, regulatory and exchange requirements.

## **ADDITIONAL INFORMATION**

Additional information relating to the Company is available on SEDAR at [www.sedar.com](http://www.sedar.com). Shareholders may also contact the Company at (905) 856-9797 to request copies of the Company's current annual report, financial statements, MD&A and other continuous disclosure documents filed by the Company.

## **APPROVAL**

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

**DATED** at Woodbridge, Ontario the 28th day of May, 2015.

Signed "*Eugenio Bortoluzzi*"

Eugenio Bortoluzzi  
Chief Executive Officer and Chief Financial Officer

## **Schedule “A”: Key Board and Committee Responsibilities**

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### **BOARD OF DIRECTORS**

- contribute to the formulation of and approve strategic plans;
- monitor Company performance and the execution of its business plans;
- oversee the identification by management of the principal risks of the Company’s businesses as well as the implementation, by management, of appropriate processes and systems to manage such risks;
- appoint the CEO and approve the appointment of the Senior Executives of the Company and review their performance and compensation and plan for their succession upon recommendation of the Compensation Committee;
- review and approve management's recommendations regarding major decisions and actions, including acquisitions, divestitures, financings and capital expenditures;
- review and approve key policies developed by management on various issues such as ethics, compliance, communications and public disclosures and review, approve and monitor compliance with policies adopted by the Board;
- oversee the Company’s public communication policies and their implementation, including disclosure of material information, investor relations and shareholder communications;
- oversee, with the Audit Committee, financial reporting and disclosure of the Company to obtain reasonable assurance that:
  - the Company complies with all applicable laws and regulations of governments, regulatory agencies and stock exchanges relating to financial reporting and disclosure; and
  - the accounting policies and practices, significant judgments and disclosures which underlie or are incorporated in the Company’s financial statements are appropriate having regard to the Company’s businesses; and
- review and approve the annual financial statements, financial reporting and disclosure and obtain reasonable assurance as to the integrity of the Company’s internal control and management system.

### **AUDIT COMMITTEE**

- **Independent Auditor**
  - recommend to the Board the appointment or replacement of the independent auditor;
  - establish the compensation of the independent auditor;
  - have the independent auditor report directly to the Audit Committee;
  - determine the extent of involvement of the independent auditor in reviewing unaudited quarterly financial results;
  - meet with the independent auditor prior to the annual audit to discuss the planning, scope and staffing of the audit;
  - approve the selection of the senior audit partners having primary responsibility for the audit;
  - provide for the periodic rotation of the senior audit partners having primary responsibility for the audit and the audit partner responsible for reviewing the audit as required by law;

- at least on an annual basis, evaluate the qualifications, performance and independence of the independent auditor and the senior audit partners having primary responsibility for the audit; and
- pre-approve all auditing services and permitted non-audit services performed by the independent auditor.
- **Financial Reporting**
  - prior to their public release and filing with securities regulatory agencies, review and discuss with management and the independent auditor the:
    - press release;
    - consolidated financial statements and notes thereto;
    - management's discussion and analysis; and
    - results of any independent auditor's review requested/approved by the Committee.
  - review the Company's unaudited quarterly financial results including:
    - any significant judgments made in the preparation of financial statements;
    - any significant disagreements among management and the independent auditors in connection with the preparation of financial statements;
    - significant financial reporting issues and judgments made in connection with the preparation of the Company's financial statements;
    - critical accounting policies and practices;
    - integrity of the Company's financial reporting processes; and
    - any correspondence with regulators or governmental agencies and any published reports, which raise material issues regarding the Company's financial statements or accounting policies.
- **Year-end Audit**
  - review of the Company's audited financial results, including:
    - all matters described above with respect to unaudited quarterly financial results;
    - results of the independent audit; and
    - all matters required to be discussed by Statement of Auditing Standards No. 61.
- **Annual Proxy Statement and Regulatory Filings**
  - issue any reports required of the Audit Committee to be included in the Company's annual proxy statement; review and recommend to the Board the approval of all material documents filed with securities regulatory agencies including:
    - Consolidated Year-end Financial Statements;
    - Annual Information Form; and
    - Prospectuses.
- **Related Party Transactions and Off-Balance Sheet Structure**
  - review all related-party transactions and, if deemed appropriate, recommend approval of any particular transaction to the Board; and
  - review all material off-balance sheet structures, which the Company is a party to.
- **Internal Controls, Risk Management and Legal Matters**
  - consider the effectiveness of the Company's internal controls over financial reporting and related information technology security and control;

- discuss with management the Company's major financial risk exposures and the steps management has taken to monitor and control such exposures; and
- review with management, and if necessary, the Company's counsel, any legal matter which could reasonably be expected to have a material impact on the Company's financial statements or accounting policies.
- **Capital Structure, Investment and Cash Management Policies, Disclosure Policy**
  - review and approve any changes to the Company's capital structure;
  - review and approve the Company's investment and cash management policy; and
  - review and approve the Company's disclosure policy.
- **"Whistle Blower" and Related Procedures**
  - establish procedures for the receipt, retention and treatment of complaints received by the Company regarding accounting, internal accounting controls or auditing matters.
- **Review of Charter and Self Assessment**
  - review and reassess annually the adequacy of the Committee's Charter; and
  - review annually the Committee's own performance.
- **Reporting to the Board**
  - make regular reports to the Board, but not less frequently than quarterly.

## **COMPENSATION COMMITTEE**

- **Human Resources**
  - review of human resources development and organization structure and approve any significant programs or changes to structure.
- **Succession Planning**
  - review and report to the Board on the Company's succession planning process for the CEO and senior officers reporting to the CEO.
- **Compensation**
  - review compensation principles and practices and approve any significant changes to such principles and practices;
  - review and make recommendations to the Board on the compensation of the CEO;
  - review and report to the Board on annual objectives against which to assess the CEO and on its assessment of the CEO's performance against those objectives;
  - review and approve the compensation of senior officers reporting to the CEO;
  - evaluate periodically the competitiveness of the cash and equity compensation programs for senior management and initiate action or make recommendations to the Board as appropriate;
  - review all employee compensation and stock equity plans including Short-Term Incentive Plan, Mid-Term Incentive Plan, Stock Option Plan, Stock Purchase Plans and approve changes to such plans, provided that any plan amendments which will have a material cost increase or material effect on the Company or the participants requires Board approval;
  - administer the Company's Employee Stock Option Plan, Stock Purchase Plan, Mid-Term Incentive Plan and such other equity based plans as may be delegated to it from time to time by the Board;
  - report on an annual basis to the Board and Shareholders, the policies of the Committee for determining executive compensation; and

- Review and recommend to the Board, the form and adequacy of independent director compensation.
- **Review of Charter and Self Assessment**
  - review and reassess annually the adequacy of the Committee's Charter; and
  - review annually the Committee's own performance.
- **Report to the Board**
  - the Chair of the Committee or designate shall report to the Board after each meeting the significant matters addressed by the Committee at such meeting.

## **CORPORATE GOVERNANCE COMMITTEE**

- **Corporate Governance**
  - develop and recommend to the Board, corporate governance guidelines applicable to the Company;
  - annually review the corporate governance guidelines and practices of the Company and, if appropriate, recommend changes to such guidelines and practices to the Board or management;
  - monitor the appropriateness of the Company's governance systems with regard to external governance standards and with emphasis on "continuous improvement";
  - review regularly the effectiveness of the Board and its committees in meeting its governance objectives and in its relationship with management; and
  - review any shareholder proposal received by the Company and recommend to the Board the Company's response.
- **Nominating**
  - review the makeup and needs of the Board, identify and recommend candidates for Board membership;
  - establish the criteria for membership; such criteria should cover, among other things, diversity, experience, skill set and the ability to act on behalf of shareholders;
  - in consultation with the Board and CEO and, on an ongoing basis, maintain a database of potential candidates;
  - utilize such outside agencies or third parties at the cost of the Company, as the Committee deems necessary to assist in identifying potential candidates; and
  - recommending to the Board the annual nominees to the Board for presentation to the shareholders.
- **Director Indemnification and D&O Insurance**
  - review and recommend to the Board the appropriateness and adequacy of the policy of indemnification of directors. In that regard, the Chair of the Committee and the Chair of the Audit Committee shall consult in connection with any renewal or change to the Directors' and Officers' liability insurance coverage.
- **Review of Charter and Self Assessment**
  - review and reassess annually the adequacy of the Committee's Charter; and
  - review annually the Committee's own performance.
- **Report to the Board**
  - the Chair of the Committee or designate shall report to the Board after each meeting the significant matters addressed by the Committee at such meeting.