UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

Form 10-K

☐ **ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the fiscal year ended December 31, 2020

OR

☐ **TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the transition period from_____ to _____

Commission file number: 001-36421

Aurinia Pharmaceuticals Inc.

(Exact name of registrant as specified in its charter)

Alberta, Canada	**Not applicable**
(State or other jurisdiction of incorporation or organization)	**(I.R.S. Employer Identification Number)**
#1203-4464 Markham Street Victoria, British Columbia V8Z 7X8	**46-4129078**
(Address of principal executive offices)	

Registrant's telephone number, including area code:
(250) 708-4272

Securities registered pursuant to Section 12(b) of the Act:

Title of Each Class	Symbol	Name of Each Exchange on Which Registered
Common shares, no par value	AUPH	The Nasdaq Global Market LLC
Common shares, no par value	AUP	Toronto Stock Exchange

Securities registered pursuant to Section 12(g) of the Act: None

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes ☐ No ☐

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act. Yes ☐ No ☐

Indicate by check mark whether the registrant: (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes ☐ No ☐

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§ 232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). Yes ☐ No ☐

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company, or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer", "smaller reporting company" and "emerging growth company" in Rule 12b-2 of the Exchange Act. (Check one):

Large accelerated filer	☐	Accelerated filer	☐
Non-accelerated filer	☐	Smaller reporting company	☐
		Emerging growth company	☐

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. ☐

Indicate by check mark whether the registrant has filed a report on and attestation to its management's assessment of the effectiveness of its internal control over financial reporting under Section 404(b) of the Sarbanes-Oxley Act (15 U.S.C. 7262(b)) by the registered public accounting firm that prepared or issued its audit report. ☐

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Act). Yes ☐ No ☐

The aggregate market value of the common shares held by non-affiliates of the registrant as of December 31, 2020 totaled approximately $1.74 billion based on the closing price for the registrant's common shares on that day as reported by the Nasdaq Global Market. Such value excludes common shares held by executive officers, and directors as of December 31, 2020.

As of February 24, 2021, there were 127,450,815 of the registrant's common shares outstanding.

DOCUMENTS INCORPORATED BY REFERENCE

Document Description	**10-K Part**
Portions of the registrant's definitive proxy statement to be filed with the U.S. Securities and Exchange Commission pursuant to Regulation 14A within 120 days after registrant's fiscal year end of December 31, 2020 are incorporated by reference into Part III of this Annual Report on Form 10-K.	III

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PART I

INTRODUCTION

Unless the context otherwise requires, references in this Annual Report on Form 10-K for the year ended December 31, 2020, or this Annual Report, to “we”, “us”, “our” or similar terms, as well as references to “Aurinia”, refer to Aurinia Pharmaceuticals Inc., together with our subsidiaries.

We maintain our books and records in U.S. dollars, and prepare our financial statements in accordance with accounting principles generally accepted in the United States, or U.S. GAAP, as issued by the Financial Accounting Standards Board, or FASB.

The term “CA$,” refers to Canadian dollars, the lawful currency of the Canada, and the terms “dollar,” “U.S. dollar” or “$” refer to United States dollars, the lawful currency of the United States. All references to “shares” or "Common Shares" in this Annual Report refer to common shares of Aurinia, with no par value per share.

We have made rounding adjustments to some of the figures included in this Annual Report. Accordingly, numerical figures shown as totals in some tables may not be an arithmetic aggregation of the figures that preceded them.

SPECIAL NOTE REGARDING FORWARD-LOOKING STATEMENTS

This Annual Report contains “forward-looking statements” within the meaning of Section 27A of the *Securities Act of 1933*, as amended, or the Securities Act, and Section 21E of the *Securities Exchange Act of 1934*, as amended, or the Exchange Act, which are subject to the “safe harbor” created by those sections, as well as “forward-looking information” as defined in applicable Canadian securities laws. Our actual results could differ materially from those anticipated in these forward-looking statements as a result of various factors, including those set forth below under Part I, Item 1A, “Risk Factors” in this Annual Report.

A statement is forward-looking when it uses what we know and expect today to make a statement about the future. Forward-looking statements may include words such as “anticipate”, “believe”, “intend”, “expect”, “goal”, “may”, “outlook”, “plan”, “seek”, “project”, “should”, “strive”, “target”, “could”, “continue”, “potential” and “estimated”, or the negative of such terms or comparable terminology. You should not place undue reliance on the forward-looking statements, particularly those concerning anticipated events relating to the development, clinical trials, regulatory approval, and marketing of LUPKYNIS™ (voclosporin) and the timing or magnitude of those events, as they are inherently risky and uncertain.

These forward-looking statements include, but are not limited to, statements concerning the following:

- our belief in the duration of patent exclusivity for voclosporin and that the patents owned by us are valid;
- our belief in receiving extensions to patent life based on certain events or classifications;
- our expectation that patent protection for voclosporin will be extended in the United States and certain other major markets, including Europe and Japan, until at least October 2027;
- our plans and expectations and the timing of commencement, enrollment, completion and release of results of clinical trials;
- our intention to demonstrate our belief that voclosporin possesses pharmacologic properties with the potential to demonstrate best-in-class differentiation with first-in-class status for the treatment of adult patients with active lupus nephritis (LN) outside of Japan;
- our belief of the key potential benefits of LUPKYNIS in the treatment of LN;
- our belief that LUPKYNIS has the potential to improve near and long-term outcomes in LN when added to mycophenolate mofetil (MMF);
- our belief of specified key benefits of LUPKYNIS in the treatment of LN versus marketed calcineurin inhibitors (CNIs) (the cornerstone of therapy for the prevention of organ transplant rejection);
- our strategy to optimize the clinical and commercial value of voclosporin and become a commercial biopharmaceutical company with a global product portfolio focused on less common kidney and autoimmune diseases with a high unmet need;
- our strategy for the potential expansion of the existing label for additional kidney indications, the evaluation of voclosporin in novel formulations for the treatment of other autoimmune related disorders, as well as the addition of new pipeline assets that align with our core expertise;
- our plans to ensure adequate supply of LUPKYNIS by entering into long term supply agreements with our key suppliers;

- our belief that LUPKYNIS has the potential to address critical needs for LN by controlling active disease rapidly, lowering the overall steroid burden, and doing so with a convenient oral twice-daily treatment regimen;
- our expectation to receive "new chemical entity" exclusivity for LUPKYNIS in certain countries, which provides this type of exclusivity for five years in the United States and up to ten years in Europe;
- our belief that the voclosporin modification of a single amino acid of the cyclosporine molecule may result in a more predictable pharmacokinetic and pharmacodynamics relationship, an increase in potency, an altered metabolic profile, and easier dosing without the need for therapeutic drug monitoring;
- our belief in voclosporin being potentially a best-in-class CNI with benefits over existing commercially available CNIs;
- our estimates as to the market potential for LUPKYNIS, including estimates as to the number of patients with systemic lupus erythematosus (SLE) that are diagnosed with LN;
- our estimate, based on our patient-specific estimated glomular filtration rate (eGFR) dosing regimens, the average utilization in our clinical trials, and accounting for factors including mandatory rebates, channel discounts, and anticipated patient adherence, that we expect our average annualized net revenue per patient to be approximately $65,000;
- our belief that we have enough inventory on hand and manufacturing capacity to meet forecasted demand;
- our belief that we have built a world class commercial organization;
- our intention to use the net proceeds from financings for the stated purposes;
- our belief that we have sufficient cash resources to adequately fund our plans for at least the next 12 months;
- our plan to file, together with Otsuka Pharmaceutical Co. Ltd. (Otsuka), a marketing authorization application (MAA) with the European Medicines Agency (EMA) during the first half of 2021;
- statements concerning the potential market for LUPKYNIS;
- our belief that additional patents may be granted worldwide based on our filings under the Patent Cooperation Treaty (PCT);
- our belief that patents corresponding to United States Patent No. 10,286,036 issued to us covering dosing protocol, which reads upon our U.S. Food and Drug Administation (FDA) approved label for LUPKYNIS in LN, could be granted with similar claims in all major global pharmaceutical markets;
- our strategy to become a global commercial biopharmaceutical company;
- our plan to evaluate LUPKYNIS in pediatric patients and additional patient populations diagnosed with LN;
- management's estimates and assumptions made in conformity with U.S. GAAP that affect the reported amounts of assets and liabilities as discussed further in notes to the consolidated financial statements; and
- the potential impact of COVID-19 on our business operations, nonclinical and clinical trials, regulatory timelines, supply chain, and potential commercialization.

Such statements reflect our current views with respect to future events and are subject to risks and uncertainties and are necessarily based on a number of estimates and assumptions that, while considered reasonable by management, as at the date of such statements, are inherently subject to significant business, economic, competitive, political, regulatory, legal, scientific and social uncertainties and contingencies, many of which, with respect to future events, are subject to change. The factors and assumptions used by management to develop such forward-looking statements include, but are not limited to:

- the assumption that we will be able to obtain approval from regulatory agencies on executable development programs with parameters that are satisfactory to us;
- the assumption that recruitment to clinical trials will occur as projected;
- the assumption that we will successfully complete and enroll our clinical programs in compliance with good clinical practices (GCP) on a timely basis and meet regulatory requirements for approval of marketing authorization applications and new drug approvals, as well as favorable product labeling;
- the assumption that the planned studies will achieve positive results;
- the assumptions regarding the costs and expenses associated with our clinical trials and commercialization of LUPKYNIS, including that the COVID-19 pandemic will not have a significant impact on the costs and expenses planned for our clinical trials and commercialization of LUPKYNIS;
- the assumption that regulatory requirements and commitments will be maintained;
- the assumption that we will be able to meet good manufacturing practice (GMP) standards and manufacture and secure a sufficient supply of LUPKYNIS on a timely basis to successfully complete the development and commercialization of LUPKYNIS;
- the assumptions on the market value for the LN program;
- the assumptions related to our estimated pricing for LUPKYNIS are accurate, including that the average utilization of LUPKYNIS in our clinical trials will remain applicable, the amount of mandatory rebates and degree of patient adherence;
- the assumption that our patent portfolio is sufficient and valid;

- the assumption that we will be able to extend our patents to the fullest extent allowed by law, on terms most beneficial to us;
- the assumptions that our third party partners (including Otsuka) and suppliers will comply with their obligations under their agreements with us;
- the assumptions about future market activity;
- the assumption that there is a potential commercial value for LUPKYNIS and other indications for voclosporin;
- the assumption that market data and reports reviewed by us are accurate;
- the assumptions on the burn rate of our cash for operations;
- the assumption that another company will not violate our intellectual property rights or regulatory exclusivity periods;
- the assumption that our current good relationships with our suppliers, service providers and other third parties will be maintained;
- the assumption that we will be able to attract and retain a sufficient amount of skilled staff;
- the assumption that our third party service providers and partners will comply with their contractual obligations; and/or
- the assumptions relating to the capital required to fund operations for at least the next 12 months.

It is important to know that:

- actual results could be materially different from what we expect if known or unknown risks affect our business, or if our estimates or assumptions turn out to be inaccurate. As a result, we cannot guarantee that any forward-looking statement will materialize and, accordingly, you are cautioned not to place undue reliance on these forward-looking statements; and

- forward-looking statements do not take into account the effect that transactions or non-recurring or other special items announced or occurring after the statements are made may have on our business. For example, they do not include the effect of mergers, acquisitions, other business combinations or transactions, dispositions, sales of assets, asset write-downs or other charges announced or occurring after the forward-looking statements are made. The financial impact of such transactions and non-recurring and other special items can be complex and necessarily depend on the facts particular to each of them. Accordingly, the expected impact cannot be meaningfully described in the abstract or presented in the same manner as known risks affecting our business.

The factors discussed below and other considerations discussed in the Item 1A Risk Factors section of this Annual Report could cause our actual results to differ significantly from those contained in any forward-looking statements. We strongly encourage all investors to read Item 1A Risk Factors of this Annual Report in full.

Such forward-looking statements involve known and unknown risks, uncertainties, and other factors that may cause our actual results, performance, or achievements to differ materially from any assumptions, further results, performance or achievements expressed or implied by such forward-looking statements.

If our forward-looking statements prove to be inaccurate, the inaccuracy may be material. In light of the significant uncertainties in these forward-looking statements, you should not regard these statements as a representation or warranty by us or any other person that we will achieve our objectives and plans in any specified time frame or at all. Any forward-looking statement made by us in this Annual Report speaks only as of the date of this Annual Report or as of the date on which it is made. We undertake no obligation to publicly update any forward-looking statements, whether as a result of new information, future events or otherwise, except as required by law.

You should read this Annual Report and the documents that we reference in this Annual Report and have filed with the U.S. Securities and Exchange Commission as exhibits to this Annual Report completely and with the understanding that our actual future results may be materially different from what we expect. We qualify all of our forward-looking statements by these cautionary statements.

This Annual Report may contain market data and industry forecasts that were obtained from industry publications. These data involve a number of assumptions and limitations, and you are cautioned not to give undue weight to such estimates. We have not independently verified any third-party information. While we believe the market position, market opportunity and market size information included in this Annual Report is generally reliable, such information is inherently imprecise.

RISK FACTOR SUMMARY

Below is a summary of material factors that make an investment in our Common Shares speculative or risky. Importantly, this summary does not address all of the risks and uncertainties that we face. Additional discussion of the risks and uncertainties summarized in this risk factor summary, as well as other risks and uncertainties that we face, can be found under "Special Note Regarding Forward-Looking Statements" and Part I, Item 1A. "Risk Factors" in this Annual Report. The below summary is qualified in its entirety by those more complete discussions of such risks and uncertainties. You should consider carefully the risks and uncertainties described under Part I, Item 1A. "Risk Factors" in this Annual Report as part of your evaluation of an investment in our Common Shares. Important factors that could cause such differences include, among other things, the following:

Business Risks

- difficulties we may experience in completing the development, marketing and commercialization of LUPKYNIS;
- unknown impact and difficulties imposed by the COVID-19 pandemic on our business operations including sales, marketing, nonclinical and clinical and our supply chain;
- legislative, regulatory and commercial activities, including new laws regulating the pricing of LUPKYNIS;
- difficulties obtaining adequate reimbursements from third party payors;
- difficulties obtaining formulary acceptance;
- our partners, including suppliers, may not be able to comply with their contractual obligations with us;
- competitors may arise with similar products, or existing competition may be taken up and become the first line of treatment for LN; and
- difficulties in gaining alignment among the regulatory authorities (including the FDA, EMA and Pharmaceutical and Medical Devices Agency), which may require further clinical activities.

Business Growth Risks

- difficulties in meeting GMP standards and the manufacturing and securing of a sufficient supply of voclosporin on a timely basis to successfully complete the development and commercialization of LUPKYNIS;
- difficulties, delays or failures in obtaining necessary regulatory approvals;
- not being able to extend our patent portfolio for LUPKYNIS;
- our patent portfolio not covering all of our proposed or contemplated uses of LUPKYNIS;
- the market for the LN business (or any other indication for LUPKYNIS) may not be as we have estimated;
- insufficient acceptance of and demand for LUPKYNIS; and
- difficulties in identifying and completing the acquisition of, and successfully developing potential targets for expansion of our product portfolio.

Underlying Business Risks

- product liability, patent infringement and other civil litigation;
- injunctions, court orders, regulatory and other compliance issues or enforcement actions;
- we may have to pay unanticipated expenses, and/or estimated costs for clinical trials or operations may be underestimated, resulting in our having to make additional expenditures to achieve our current goals;
- difficulties, restrictions, delays, or failures in obtaining appropriate reimbursement from payors for LUPKYNIS;
- difficulties in retaining key personnel and attracting other qualified individuals;
- our assets or business activities may be subject to disputes that may result in litigation or other legal claims;
- the potential need for additional capital in the future to continue to fund our development programs and commercialization activities, and the effect of capital market conditions and other factors on capital availability;
- difficulties, delays, or failures we may experience in the conduct of and reporting of results of our clinical trials for LUPKYNIS, including unfavorable results;
- difficulties we may experience in identifying and successfully securing appropriate vendors to support the development and commercialization of LUPKYNIS; and
- our ability to raise future resources when required.

Item 1. Business

Overview

Aurinia is a biopharmaceutical company focused on developing and commercializing therapies to treat targeted patient populations that are suffering from serious diseases with a high unmet medical need. We have commercially launched LUPKYNIS in the United States for the treatment of adult patients with active LN, and continue to conduct pre-clinical, clinical, and regulatory activities to support the voclosporin development program.

On July 21, 2020, we announced that the FDA had accepted the filing of the new drug application (NDA) for LUPKYNIS, as a potential treatment of adult patients with active LN. LUPKYNIS is a novel and potentially best-in-class CNI with clinical data in over 2,600 subjects across various indications including LN, transplantation, psoriasis, various forms of uveitis and dry eye syndrome. The last module of this rolling NDA was submitted on May 26, 2020, after our December 4, 2019 release of positive AURORA Phase 3 trial results. The FDA granted Priority Review for the NDA, which provided an expedited six-month review, and assigned a PDUFA target action date of January 22, 2021. Priority review is granted to therapies that the FDA determines have the potential to provide a significant improvement in the safety or effectiveness of the treatment, diagnosis or prevention of a serious condition.

On January 22, 2021, the FDA approved LUPKYNISin combination with a background immunosuppressive therapy regimen to treat adult patients with active LN.

In addition, we plan to prepare an MAA to be filed with the EMA by our partner Otsuka during the first half of 2021 seeking approval for the use of LUPKYNISfor the treatment of adult patients with active LN in the European Union, which includes Norway, Iceland and Liechenstein.

LUPKYNIS is a CNI immunosuppressant, that has the potential to improve near and long-term outcomes in LN when used in combination with MMF, the current standard of care for LN (although MMF is not currently approved as such) and steroids. By inhibiting calcineurin, LUPKYNIS reduces cytokine activation and blocks interleukin IL-2 expression and T-cell mediated immune responses. LUPKYNIS also potentially stabilizes podocytes, which can protect against proteinuria. Voclosporin, the active ingredient in LUPKYNIS, is made by a modification of a single amino acid of the cyclosporine molecule. The mechanism of action of LUPKYNIS has been validated with certain earlier generation CNIs for the prevention of rejection in patients undergoing solid organ transplants and in several autoimmune indications, including uveitis, keratoconjunctivitis sicca, psoriasis, rheumatoid arthritis, and for LN in Japan. We believe that LUPKYNIS possesses pharmacologic properties with the potential to demonstrate best-in-class differentiation.

Earlier generation CNIs have demonstrated efficacy for a number of conditions, including transplant and other autoimmune diseases; however, side effects exist which can limit their long-term use and tolerability. Some clinical complications of earlier generation CNIs include hypertension, hyperlipidemia, diabetes, and both acute and chronic nephrotoxicity.

Based on published data, we believe the key potential benefits of LUPKYNIS in the treatment of adult patients with active LN versus marketed CNIs include:

- increased potency compared to cyclosporine A, allowing for lower dosing requirements and potentially fewer off-target effects;
- limited inter- and intra-patient variability, allowing for easier dosing without the need for monitoring blood levels for therapeutic levels of drug;
- less cholesterolemia and triglyceridemia than cyclosporine A; and
- limited incidence of glucose intolerance and new onset diabetes at therapeutic doses compared to tacrolimus.

Strategy

Our business strategy is to optimize the clinical and commercial value of LUPKYNIS and become a commercial biopharmaceutical company with a global product portfolio focused on less common kidney and autoimmune diseases with high unmet medical needs. This includes the potential expansion of the existing label for additional kidney indications, the evaluation of LUPKYNIS in novel formulations for the treatment of other autoimmune related disorders, as well as the addition of new pipeline assets that align with our core expertise.

We have developed a strategic plan to execute on our commercialization of LUPKYNIS as a treatment of adult patients with active LN and to expand our franchise beyond LN. The key tactics to achieve our corporate strategy include:

- obtaining FDA approval for use of LUPKYNIS for the treatment of active LN, which was achieved on January 22, 2021;
- conducting pre- and post-commercial activities including build out of the organization to efficiently and effectively market LUPKYNIS as a treatment of adult patients with active LN;
- engaging Otsuka as a collaboration partner for development and commercialization of LUPKYNIS in Europe; as part of this, we expect to file an MAA with the European Medicines Agency in the first half of 2021, and seek regulatory approval in other territories including the United Kingdom, Switzerland, Russia, and Japan;
- ensuring adequate supply of LUPKYNIS by entering into strategic long term supply agreements with our key suppliers; and
- evaluating external assets with the potential to be synergistic and complementary to our clinical, regulatory and therapeutic areas of expertise.

Market Potential and Commercial Considerations

We have conducted extensive market research and analyses of peer reviewed publications to assess market potential and commercial opportunity. Our physician research included more than 1,100 rheumatologists and nephrologists across the United States, Europe and Japan to assess the potential market for adoption of LUPKYNIS and estimate pricing and treatment paradigms. The National Institute of Diabetes and Digestive and Kidney Diseases estimates that up to 50% of adults with SLE are diagnosed with lupus nephritis at some point in their journey with lupus. Using the research and publication analyses, we estimate the number of SLE patients diagnosed with LN to be about 80,000 to 120,000 in the United States.

Similar to other autoimmune disorders, LN is a flaring and remitting disease. The disease can cycle from being in remission to being in an active flare, to achieving partial response and potentially to achieving a complete response and therefore back in remission. Treatment objectives between LN and other autoimmune diseases are remarkably similar. In other autoimmune conditions such as multiple sclerosis, crohn's, rheumatoid arthritis and SLE, physicians' goals are to induce/maintain a remission of disease, decrease frequency of hospital or ambulatory care visits and limit long term disability. In LN specifically, physicians are trying to avoid further kidney damage, kidney failure, dialysis, kidney transplantation, and death. The ability to get patients into remission quickly correlates with better long-term kidney outcomes as noted above. Achieving a complete response is also believed to be important factor in delaying and/or reducing the rate of progression to kidney failure and need for replacement therapy. Kidney failure is associated with extremely poor health outcomes as a life-long, costly state in which patients are dependent upon dialysis or the availability of a kidney transplant.

The population of people with LN will be in different cycles of their disease at any one time. Physicians currently use existing LN standard of care including immunosuppressant drugs and high dose steroids to treat people with LN throughout the disease cycles. The clinical data generated in our Phase 2 AURA-LV and our Phase 3 AURORA studies has demonstrated that LUPKYNIS can achieve a more than two times higher rate of complete response than the current standard of care when given in combination with a MMF and steroids. We believe that LUPKYNIS efficacy results compared to the standard of care in addition to the product being administered orally versus via infusion or injection can support a rapid market adoption.

The price of LUPKYNIS is based on one unit of 60 capsules we refer to as a "wallet". The wholesale acquisition cost (WAC) of a LUPKYNIS wallet is $3,950. Based on our patient-specific eGFR dosing regimens, the average utilization in our clinical trials, and accounting for factors including mandatory rebates, channel discounts, and anticipated patient adherence and compliance, we expect the average annualized net revenue per patient for us to be approximately $65,000. When determining the price of LUPKYNIS, we considered the burden of LN disease in the context of value that this innovative product offers to patients and the US healthcare system.

Voclosporin Mechanism of Action

Voclosporin reversibly inhibits immunocompetent lymphocytes, particularly T-Lymphocytes in the G0 and G1 phase of the cell-cycle, and also reversibly inhibits the production and release of lymphokines. Through a number of processes voclosporin inhibits and prevents the activation of various transcription factors necessary for the induction of cytokine genes during T-cell activation. It is believed that the inhibition of activation of T-cells will have a positive modulatory effect in the treatment of LN. In addition to these immunologic impacts, recent data suggests that CNIs have another subtle but important impact on the structural integrity of the podocytes. This data suggests that inhibition of calcineurin in patients with autoimmune kidney

diseases helps stabilize the cellular actin-cytoskeleton of the podocytes thus having a structural impact on the podocyte and the subsequent leakage of protein into the urine, which is a key marker of patients suffering from LN.

Scientific Rationale for Treatment of LN with LUPKYNIS

While SLE is a highly heterogeneous autoimmune disease (often with multiple organ and immune system involvement), LN has straightforward disease outcomes. T-cell mediated immune response is an important feature of the pathogenesis of LN while the podocyte injury that occurs in conjunction with the ongoing immune insult in the kidney is an important factor in the clinical presentation of the disease. An early response in LN correlates with long-term outcomes and is clearly measured by proteinuria.

The use of LUPKYNIS in combination with the current standard of care for the treatment of adult patients with active LN provides a novel approach to treating this disease (similar to the standard approach in preventing kidney transplant rejection). LUPKYNIS has shown to have potent effects on T-cell activation leading to its immunomodulatory effects. Additionally, recent evidence suggests that inhibition of calcineurin has direct physical impacts on the podocytes within the kidney. Inhibition of calcineurin within the podocytes can prevent the dephosphorylation of synaptopodin which in turn inhibits the degradation of the actin cytoskeleton within the podocyte. This process is expected to have a direct impact on the levels of protein in the urine which is a key marker of LN disease activity.

Voclosporin Development History

More than 2,600 subjects have been dosed with voclosporin in clinical trials including studies where voclosporin was compared to placebo or active control. The safety and tolerability profile of the drug has been well characterized. Phase 2 or later clinical studies that have been completed include studies in the following indications:

Psoriasis: Two Phase 3 clinical studies in patients with moderate to severe psoriasis have been completed. The primary efficacy endpoint in both studies was a reduction in Psoriasis Area and Severity Index, which is a common measure of psoriasis disease severity. The first study treatment with voclosporin resulted in statistically significantly greater success rates than treatment with placebo by the twelfth week. In a second study comparing voclosporin against cyclosporine, the drug was not shown to be statistically non-inferior to cyclosporine in terms of efficacy; however, voclosporin proved superior in terms of limiting elevations in hyperlipidemia. Due to the evolving psoriasis market dynamics and the changing standard of care for the treatment of this disease, we have decided not to pursue further Phase 3 development.

Kidney Transplantation: A Phase 2b clinical trial in de novo kidney transplant recipients was completed. Study ISA05-01, the PROMISE Study was a six-month study with a six-month extension comparing voclosporin directly against tacrolimus on a background of MMF and corticosteroids. Voclosporin was shown to be equivalent in efficacy (prevention of acute rejection of the transplanted kidney), but superior to tacrolimus with respect to the incidence of new onset diabetes after transplantation. Due to the ongoing evolution of the commercial market in kidney transplantation, including tacrolimus losing patent exclusivity in most world markets, combined with the cost and timeline that would have been associated with additional clinical trials, we have chosen not to pursue further internal clinical development in kidney transplantation.

Uveitis: Multiple studies in various forms of non-infectious uveitis were completed by Lux, one of our former licensees, indicating mixed efficacy. In all but one of the studies, completed by the licensee, an impact on disease activity was shown in the voclosporin group. However, achievement of the primary end-points in multiple studies could not be shown. Uveitis is a notoriously difficult disease to study due to the heterogeneity of the patient population and the lack of validated clinical end-points. However, in all of the uveitis studies completed, the safety results were consistent, and the drug was well tolerated. We retained a portfolio of additional patents that Lux had been prosecuting that are focused on delivering effective concentrations of voclosporin to various ocular tissues following the termination of our licensing agreement in 2014.

Dry eye syndrome (DES): We completed a Phase 2 head to head study for the treatment of DES versus Restasis®, with results reported in January 2019. Both drugs were shown to be well tolerated and there was no statistical difference for the primary endpoint. However, on key pre-specified secondary endpoints of Schirmer Tear Test (STT) and fluorescein corneal staining, voclosporin showed rapid and statistically significant improvements over Restasis®. As a result, we followed up with a Phase 2/3 study which reported results in November 2020. That study did not achieve statistical significance on its primary endpoint compared to vehicle. As a result, we suspended the development of voclosporin for DES.

FDA Approval and Commercial Launch of LUPKYNIS

On January 22, 2021, the FDA approved LUPKYNIS in combination with a background immunosuppressive therapy regimen to treat adult patients with active LN. As a condition of approval, we will be required to conduct two pediatric studies (with

reports due in 2025 and 2031), a milk only lactation study (with a report due in 2026), a drug-drug interaction study (with a report due in 2023) and submit a final study report on our AURORA-2 continuation study (by March 2022).

Collaboration and Licensing Agreement with Otsuka Pharmaceutical Co., Ltd.

On December 17, 2020, we entered into a collaboration and licensing agreement with Otsuka for the development and commercialization of oral LUPKYNIS for the treatment of adult patients with active LN in the EU, Japan, as well as the United Kingdom, Russia, Switzerland, Norway, Belarus, Iceland, Liechtenstein and Ukraine.

As part of the agreement, we received an upfront cash payment of $50 million and we have the potential to receive up to $50 million in regulatory and reimbursement milestone payments. We will receive tiered royalties ranging from 10 to 20 percent (dependent on achievement of sale milestones) on net sales upon commercialization, along with additional milestone payments based on the attainment of certain annual sales by Otsuka.

Agreement for Dedicated Voclosporin Manufacturing Capacity

On December 15, 2020, we entered into a collaborative agreement with Lonza Ltd. (Lonza) to build a dedicated manufacturing capacity within Lonza's existing small molecule facility in Visp, Switzerland. The dedicated facility (also referred to as "monoplant") will be equipped with state-of-the-art manufacturing equipment to provide cost and production efficiencies for the manufacture of voclosporin, while expanding existing capacity and providing supply security to meet future commercial demand. Either we or Lonza may terminate this agreement if the other party breaches its terms, or if the other party is liquidated or is petitioned for bankruptcy. We also have the right to terminate if we withdraw LUPKYNIS from being marketed in either the United States or the European Economic Area (EEA).

Upon completion of the monoplant, we will have the right to maintain unobstructed use of the monoplant by paying a quarterly fixed facility fee. The first capital expenditure payment was made in February 2021 with the second payment due upon operational qualification of the facility which is expected in 2023.

Completion of Phase 2/3 AUDREY™ clinical trial of VOS

On November 2, 2020 we announced topline data from the Phase 2/3 AUDREY™ clinical study evaluating voclosporin ophthalmic solution (VOS) for the potential treatment of DES. The trial did not achieve statistical significance on its primary endpoint of a 10mm or greater improvement in STT scores at four weeks between active dose groups of VOS compared to vehicle. We suspended the development program for VOS based upon these results.

The AUDREY trial was a randomized, double-masked, vehicle-controlled, dose-ranging study evaluating the efficacy and safety of VOS in subjects with DES. A total of 508 subjects were enrolled. The study consisted of four arms with a 1:1:1:1 randomization schedule, in which patients received either 0.2% VOS, 0.1% VOS, 0.05% VOS or vehicle, dosed twice daily for 12 weeks. The primary outcome measure for the trial was the proportion of subjects with a 10mm or greater improvement in STT at four weeks.

Secondary outcome measures evaluated in the trial included STT at other time points, Fluorescein Corneal Staining at multiple time points, change in eye dryness, burning/stinging, itching, photophobia, eye pain and foreign body sensation at multiple time points, and additional safety endpoints. Initial analysis of these secondary outcomes suggests dose-dependent activity and safety were observed across dose groups compared to vehicle.

Focal Segmentation Glomerulosclerosis (FSGS), a Proteinuric Kidney Disease

FSGS is a rare disease that attacks the kidney's filtering units (glomeruli) causing serious scarring which leads to permanent kidney damage and even kidney failure. FSGS is one of the leading causes of Nephrotic Syndrome (NS) and is identified by biopsy and proteinuria. NS is a collection of signs and symptoms that indicate kidney damage, including large amounts of protein in urine; low levels of albumin and higher than normal fat and cholesterol levels in the blood, this is often accompanied by edema. In June of 2018 we initiated an open-label Phase 2 Study in FSGS with the goal of enrolling approximately 20 treatment-naïve patients in the United States. This protocol was subsequently amended during the summer of 2019 to permit enrollment of subjects who had received limited corticosteroid exposure in the past as well as the addition of clinical trial sites outside of the United States.

As a consequence of the continued difficulty identifying and enrolling primary FSGS patients, in the first quarter of 2020 we decided to invest our capital resources in other ways and close the enrollment of the trial. As a result, we suspended the FSGS exploratory study but continue to support patients who have participated in the study.

Investigator-Initiated Trial to Evaluate Antiviral Activity of LUPKYNIS in Kidney Transplant Recipients with COVID-19 (VOCOVID)

On October 27, 2020 we announced the funding and initiation of an open-label exploratory trial evaluating the antiviral effects of voclosporin in kidney transplant recipients (KTRs) with COVID-19 (SARS-CoV-2) or the VOCOVID study. The single-center, investigator-initiated trial (IIT) is being conducted by Drs. Aiko P.J. de Vries and Y.K. Onno Teng at the Leiden University Medical Center (LUMC) in the Netherlands and will compare voclosporin against tacrolimus.

Organ transplant recipients who contract COVID-19 are at greater risk for complications due to the requirement of daily immunosuppressive medications to prevent organ rejection. CNIs, like voclosporin, have been shown in prior *in vitro* studies to inhibit viral replication. The team at LUMC demonstrated that voclosporin inhibited viral replication of COVID-19 at an 8-fold lower concentration than tacrolimus *in vitro*, while maintaining cell viability of infected cells. In contrast to voclosporin, tacrolimus did not show antiviral activity against COVID-19 *in vitro* at clinically relevant concentrations. Therefore, given its potency and dosing advantages, voclosporin is a potentially attractive CNI for COVID-19 infected transplant patients who are already using legacy CNIs as part of their chronic immunosuppressive therapy.

This 56-day open-label IIT is designed to evaluate the antiviral effects of voclosporin compared to tacrolimus in stable KTRs who contracted COVID-19. At study entry, 20 KTRs testing positive for COVID-19 and currently on dual immunosuppressives of prednisone and tacrolimus were randomized 1:1 to remain on tacrolimus or be switched to voclosporin. The primary endpoint is the reduction in COVID-19 viral load over 56 days, as measured by reverse transcription polymerase chain reaction. The study will also assess predefined endpoints as surrogate markers of improved viral clearance including time to 3-log reduction in viral load concentration, time to clinical recovery – defined as free of symptoms for five days or more, and safety and tolerability. Following the 56-day treatment period, there will be an extended safety follow-up of voclosporin treated patients for up to one year.

Submission of NDA to the FDA

On July 21, 2020, we announced that FDA had accepted the filing of the NDA for LUPKYNIS, as a potential treatment for LN. The FDA granted Priority Review for the NDA, which provided an expedited six-month review, and assigned a *Prescription Drug User Fee Act*(PDUFA) target action date of January 22, 2021.

Priority review is granted to therapies that the FDA determines have the potential to provide a significant improvement in the safety or effectiveness of the treatment, diagnosis or prevention of a serious condition. Under PDUFA, a Priority Review targets a review time of six months compared to a standard review time of 10 months. LUPKYNIS was also granted Fast Track designation by the FDA in 2016.

Rolling Submission of our NDA

On March 16, 2020 we announced that we had initiated a "rolling submission of our NDA" to the FDA for LUPKYNIS for the treatment of LN. The rolling NDA allowed completed portions of an NDA to be submitted and reviewed by the FDA on an ongoing basis. We submitted the nonclinical module in March of 2020 and the chemistry, manufacturing and controls module in April of 2020.

Change in International Financial Reporting Standards (IFRS) / Foreign Private Issuer Status

Prior to June 30, 2020, we qualified as a foreign private issuer or FPI as such term is defined in Rule 3b-4 under the Exchange Act, and we utilized the multijurisdictional disclosure system (MJDS) as permitted for Canadian corporations for filing reports with the SEC. We are required under SEC rules to test our FPI status annually at the end of our second fiscal quarter. If an issuer fails to qualify as an FPI at the end of its second fiscal quarter, it remains eligible to use the forms and rules applicable to FPIs until the end of that financial year. Historically, we met the definition of an FPI, and as such, prepared our consolidated financial statements in accordance with IFRS and complied with SEC rules applicable to Canadian corporations filing reports using MJDS.

As of June 30, 2020, since more than 50% of our Common Shares were held by U.S. residents and a majority of our executive officers were U.S. citizens or residents, we no longer qualified as an FPI. As a result, we transitioned to U.S. domestic reporting

status and became subject to U.S. domestic reporting requirements beginning January 1, 2021. These reporting requirements require, among other things, that our financial statements be presented in accordance with U.S. GAAP for all periods, which will include fiscal 2020 comparative financial information. Therefore, the last period under which we reported under IFRS was the third quarter ended September 30, 2020. In addition, we are now required to file annual reports on Form 10-K, quarterly reports on Form 10-Q and current reports on Form 8-K with the SEC, our executive officers and directors are required to comply with Section 16 of the Exchange Act with respect to reporting transactions in our Common Shares and short-swing trading rules, and we are subject to the proxy rules under Section 14 of the Exchange Act, among other requirements.

INTELLECTUAL PROPERTY

Patents and other proprietary rights are essential to our business. Our policy has been to file patent applications to protect technology, inventions and improvements to our inventions that are considered important to the development of our business.

We have an extensive granted patent portfolio covering voclosporin, including granted United States patents, for composition of matter, methods of use, formulations and synthesis. Certain corresponding Canadian, South African and Israeli patents are owned by Paladin Labs Inc. We anticipate that patent protection for voclosporin will be extended in the United States (Patent Term Extension) and certain other major markets, including Europe and Japan, until at least October 2027 under the *Hatch-Waxman Act* in the United States and comparable patent extension laws in other countries (including the Supplementary Protection Certificate program in Europe). We have applied for the Patent Term Extension, and are awaiting confirmation from the U.S. Patent and Trademark Office. Opportunities may also be available to add an additional six months of exclusivity related to pediatric studies which are currently in the planning process. In addition to patent rights, we also expect to receive "new chemical entity" exclusivity for voclosporin in certain countries, which provides exclusivity for five years in the United States and up to ten years in Europe.

In May 2019, we were granted U.S. Patent No. 10,286,036 with a term extending to December 2037, with claims directed at our LUPKYNIS dosing protocol for LN used in our clinical trials. This dosing protocol is reflected on the prescribing information approved by the FDA for LUPKYNIS. Notably, the allowed claims cover a method of modifying the dose of LUPKYNIS in patients with LN based on patient specific pharmacodynamic parameters. We have also filed for protection of this subject matter under the Patent Cooperation Treaty and are applying for similar protection in the member countries thereof. This may lead to the granting of similar claims in other major global pharmaceutical markets.

We had licensed the development and distribution rights to voclosporin for China, Hong Kong and Taiwan to 3SBio Inc. This license was royalty bearing. We do not expect to receive any royalty revenue pursuant to this license.

COMPETITION

The pharmaceutical and biotechnology industries are characterized by rapidly evolving technology and intense competition. Many companies, including major pharmaceutical as well as specialized biotechnology companies, are engaged in activities focused on medical conditions that are the same as, or similar to, those targeted by us. In particular, another treatment was approved by the FDA for LN approximately one month before we received approval for LUPKYNIS. Many of these companies have substantially greater financial and other resources, larger research and development staff, and more extensive marketing and manufacturing organization than we do. Many of these companies have significant experience in pre-clinical testing, human clinical trials, product manufacturing, marketing and distribution, and other regulatory approval procedures. In addition, colleges, universities, government agencies, and other public and private research organizations conduct research and may market commercial products on their own or through collaborative agreements and these institutions are becoming more active in seeking patent protection and licensing arrangements to collect royalties for use of technology that they have developed. These companies, institutions, and organizations also compete with us in recruiting and retaining highly qualified scientific personnel.

We believe key competitive factors that will affect the development and commercial success of LUPKYNIS and future potential product candidates include, but are not limited to, efficacy, safety and tolerability profile, reliability, convenience of dosing, pricing, the level of generic competition and reimbursement. As we and our competitors introduce new products and offerings, and as existing products evolve, we expect to become subject to additional competition.

REGULATORY

We are currently working with Otsuka to prepare an MAA filing with the EMA, and we anticipate that the MAA will be filed during the first half of 2021. Otsuka has also taken on customary obligations to use commercially reasonable efforts to prepare

and submit filings for regulatory approvals in the other territories in which we have granted them rights, including Japan and selected other European countries.

Regulatory Requirements

The development, manufacturing and marketing of LUPKYNIS is subject to regulations relating to the demonstration of safety and efficacy of the products as established by the government or regulatory authorities in those jurisdictions where this product is to be marketed. We, or our licensees, are required to seek and obtain regulatory approvals in US, Europe and Japan in order to commercialize LUPKYNIS in these jurisdictions. Depending upon the circumstances surrounding the clinical evaluation of LUPKYNIS, we may undertake clinical trials, contract clinical trial activities to contract research organizations, or rely upon corporate partners for such development. As noted above, we have obtained the requisite approvals for LUPKYNIS in the United States. We believe this approach will allow us to make cost effective developmental decisions in a timely fashion. We cannot predict or give any assurances as to whether regulatory approvals will be received or how long the process of seeking regulatory approvals will take.

Although only the jurisdictions of the United States, Europe and Japan are discussed in this section, we may also seek regulatory approval in other jurisdictions in the future and may initiate other clinical studies if and where appropriate.

Government Regulation

Our worldwide business activities are subject to various laws, rules, and regulations of the United States as well as of foreign governments. Compliance with these laws, rules, and regulations has not had a material effect upon our capital expenditures, results of operations, or competitive position, and we do not currently anticipate material capital expenditures for environmental control facilities. Nevertheless, compliance with existing or future governmental regulations, including, but not limited to, those pertaining to product development and approval, business acquisitions, healthcare, consumer and data protection, employee health and safety, and taxes, could have a material impact on our business in subsequent periods. Refer to Part I, Item 1A. “Risk Factors” for a discussion of these potential impacts.

United States—FDA Process

The research, development, testing, manufacture, labeling, promotion, advertising, distribution and marketing, among other things, of drug products are extensively regulated by governmental authorities in the United States and other countries. In the United States, the FDA regulates drugs under the *Federal Food, Drug, and Cosmetic Act* (FDCA), and its implementing regulations. Failure to comply with the applicable U.S. requirements may subject us to administrative or judicial sanctions, such as FDA refusal to approve pending NDAs, warning letters, fines, civil penalties, product recalls, product seizures, total or partial suspension of production or distribution, injunctions and/or criminal prosecution.

Drug Approval Process. No drug product candidates may be marketed in the United States until the drug has received FDA approval. The steps required before a drug may be marketed in the United States generally include the following:

- completion of extensive pre-clinical laboratory tests, animal studies, and formulation studies in accordance with the FDA’s GLP requirements and other applicable regulations;
- submission to the FDA of an Investigational New Drug application (IND) for human clinical testing, which must become effective before human clinical trials may begin;
- approval by an independent institutional review board (IRB) or ethics committee at each clinical site before each trial may be initiated;
- performance of adequate and well-controlled human clinical trials in accordance with GCP requirements to establish the safety and efficacy of the drug for each proposed indication;
- submission to the FDA of an NDA after completion of all pivotal clinical trials;
- satisfactory completion of an FDA advisory committee review, if applicable;
- satisfactory completion of an FDA pre-approval inspection of the manufacturing facility or facilities at which the active pharmaceutical ingredient, or API, and finished drug product are produced and tested to assess compliance with current GMPs; and
- FDA review and approval of the NDA prior to any commercial marketing or sale of the drug in the United States.

Pre-clinical tests include laboratory evaluation of product chemistry, toxicity and formulation, as well as animal studies. The conduct of the pre-clinical tests and formulation of the compounds for testing must comply with federal regulations and requirements. The results of the pre-clinical tests, together with manufacturing information and analytical data, are submitted to the FDA as part of an IND, which must become effective before human clinical trials may begin. An IND will automatically

become effective 30 days after receipt by the FDA, unless before that time the FDA raises concerns or questions about the conduct of the trial, such as whether human research subjects will be exposed to an unreasonable health risk. In such a case, the IND sponsor and the FDA must resolve any outstanding FDA concerns or questions before clinical trials can proceed. We cannot be sure that submission of an IND will result in the FDA allowing clinical trials to begin.

Clinical trials involve administration of the investigational drug to human subjects under the supervision of qualified investigators. Clinical trials are conducted under protocols detailing the objectives of the study, the parameters to be used in monitoring safety and the effectiveness criteria to be evaluated. Each protocol must be provided to the FDA as part of a separate submission to the IND. Further, an IRB for each medical center proposing to conduct the clinical trial must review and approve the study protocol and informed consent information for study subjects for any clinical trial before it commences at that center, and the IRB must monitor the study until it is completed. There are also requirements governing reporting of ongoing clinical trials and clinical trial results to public registries. Study subjects must sign an informed consent form before participating in a clinical trial.

Clinical trials necessary for product approval typically are conducted in three sequential phases, but the phases may overlap. Phase 1 usually involves the initial introduction of the investigational drug into a limited population, typically healthy humans, to evaluate its short-term safety, dosage tolerance, metabolism, pharmacokinetics and pharmacologic actions, and, if possible, to gain an early indication of its effectiveness. Phase 2 usually involves trials in a limited patient population to (i) evaluate dosage tolerance and appropriate dosage; (ii) identify possible adverse effects and safety risks; and (iii) evaluate preliminarily the efficacy of the drug for specific targeted indications. Multiple Phase 2 clinical trials may be conducted by the sponsor to obtain information prior to beginning larger and more expensive Phase 3 clinical trials. Phase 3 trials, commonly referred to as pivotal studies, are undertaken in an expanded patient population at multiple, geographically dispersed clinical trial centers to further evaluate clinical efficacy and test further for safety by using the drug in its final form. Post-approval trials, sometimes referred to as Phase 4 studies, may be conducted after initial marketing approval. These trials are used to gain additional experience from the treatment of patients in the intended therapeutic indication. In certain instances, the FDA may mandate the performance of Phase 4 clinical trials as a condition of approval of an NDA.

Furthermore, the sponsor, the FDA or an IRB may suspend clinical trials at any time on various grounds, including a finding that the subjects or patients are being exposed to an unacceptable health risk. Similarly, an IRB can suspend or terminate approval of a clinical trial at its institution, such as in the circumstances where the clinical trial is not being conducted in accordance with the IRB's requirements or if the drug has been associated with unexpected harm to patients. In addition, some clinical trials are overseen by an independent group of qualified experts organized by the sponsor, known as a data safety monitoring board or committee. Depending on its charter, this group may determine whether a trial may move forward at designated check points based on access to certain data from the trial.

During the development of a new drug, sponsors are given an opportunity to meet with the FDA at certain points. These points may be prior to submission of an IND, at the end of Phase II clinical testing, and before an NDA is submitted. Meetings at other times may be requested. These meetings can provide an opportunity for the sponsor to share information about the data gathered to date, for the FDA to provide advice, and for the sponsor and the FDA to reach consensus on the next phase of development. Sponsors typically use the end of Phase II meeting to discuss their Phase II clinical results and present their plans for the pivotal Phase 3 clinical trial that they believe will support submission of an NDA.

A sponsor may request a special protocol assessment or SPA to reach an agreement with the FDA that the protocol design, clinical endpoints, and statistical analyses are acceptable to support regulatory approval of the product candidate with respect to effectiveness in the indication studied. If such an agreement is reached, it will be documented and made part of the administrative record, and it will be binding on the FDA except in limited circumstances, such as if the FDA identifies a substantial scientific issue essential to determining the safety or effectiveness of the product after clinical studies begin, if the relevant data, assumptions, or information provided by the sponsor in a request for SPA change are found to be false statements or misstatements or omit relevant facts, or if the sponsor fails to follow the protocol that was agreed upon with the FDA. A documented SPA may be modified, and such modification will be deemed binding on the FDA review division, except under the circumstances described above, if FDA and the sponsor agree in writing to modify the protocol and such modification is intended to improve the study. There is no guarantee that a study will ultimately be adequate to support an approval, even if the study is subject to an SPA.

Concurrent with clinical trials, companies usually complete additional animal safety studies and must also develop additional information about the chemistry and physical characteristics of the drug and finalize a process for manufacturing the product in accordance with GMP requirements. The manufacturing process must be capable of consistently producing quality batches of the drug candidate and the manufacturer must develop methods for testing the quality, purity and potency of the final drugs.

Additionally, appropriate packaging must be selected and tested, and stability studies must be conducted to demonstrate that the drug candidate does not undergo unacceptable deterioration over its shelf life.

Assuming successful completion of the required clinical testing, the results of pre-clinical studies and of clinical trials, together with other detailed information, including information on the manufacture and composition of the drug, are submitted to the FDA in the form of an NDA requesting approval to market the product for one or more indications. An NDA must be accompanied by a significant user fee, which is waived for the first NDA submitted by a qualifying small business.

The FDA reviews an NDA to determine, among other things, whether a product is safe and effective for its intended use and whether its manufacturing is GMP-compliant to assure and preserve the product's identity, strength, quality and purity. Under the *Prescription Drug User Fee Act* (PDUFA) guidelines that are currently in effect, the FDA has a goal of ten months from the date of "filing" of a standard NDA for a new molecular entity to review and act on the submission. This review typically takes twelve months from the date the NDA is submitted to FDA because the FDA has approximately two months to make a "filing" decision after it the application is submitted. The FDA conducts a preliminary review of all NDAs within the first 60 days after submission, before accepting them for filing, to determine whether they are sufficiently complete to permit substantive review. The FDA may request additional information rather than accept an NDA for filing. In this event, the NDA must be resubmitted with the additional information. The resubmitted application also is subject to a filing review before the FDA accepts it for filing and substantive review.

The FDA also may refer an application for a novel drug to an advisory committee. An advisory committee is a panel of independent experts, including clinicians and other scientific experts, that reviews, evaluates and provides a recommendation as to whether the application should be approved and under what conditions. The FDA is not bound by the recommendations of an advisory committee, but it considers such recommendations carefully when making decisions.

Before approving an NDA, the FDA may inspect the facility or the facilities at which the drug and/or its active pharmaceutical ingredient (API) is manufactured and may withhold approval of the product if the manufacturing is not in compliance with GMPs and adequate to assure consistent production of the product within required specifications. Additionally, before approving an NDA, the FDA will typically inspect one or more clinical sites to assure compliance with GCPs. If the FDA determines that the application, manufacturing process or manufacturing facilities are not acceptable, it will outline the deficiencies in the submission and often will request additional testing or information. Notwithstanding the submission of any requested additional information, the FDA ultimately may decide that the application does not satisfy the regulatory criteria for approval.

After the FDA evaluates an NDA, it will issue an approval letter or a complete response letter. An approval letter authorizes commercial marketing of the drug for specific indications. A complete response letter indicates that the review cycle of the application is complete and the application will not be approved in its present form. A complete response letter usually describes the specific deficiencies in the NDA identified by the FDA and may require additional clinical data and/or additional pivotal Phase 3 clinical trial(s), and/or other significant, expensive and time-consuming requirements related to clinical trials, pre-clinical studies or manufacturing. Even if such additional information is submitted, the FDA may ultimately decide that the NDA does not satisfy the criteria for approval.

If regulatory approval of a product is granted, such approval will be granted for particular indications and may entail limitations on the indicated uses for which such product may be marketed. For example, the FDA could approve the NDA with a Risk Evaluation and Mitigation Strategy to mitigate risks of the drug, which could include medication guides, physician communication plans, or elements to assure safe use, such as restricted distribution methods, patient registries or other risk minimization tools. Once the FDA approves a drug, the FDA may withdraw product approval if ongoing regulatory requirements are not met or if safety problems occur after the product reaches the market. In addition, the FDA may require testing, including Phase 4 clinical trials, and surveillance programs to monitor the safety effects of approved products that have been commercialized. The FDA has the power to prevent or limit further marketing of a product based on the results of these post-marketing programs or other information. In addition, new government requirements, including those resulting from new legislation, may be established, or the FDA's policies may change, which could impact the timeline for regulatory approval or otherwise impact ongoing development programs.

Expedited Review and Approval. The FDA has various programs, including fast track designation, priority review, accelerated approval, and breakthrough therapy designation, which are intended to expedite or simplify the process for reviewing certain drugs and in the case of accelerated approval, provide for approval on the basis of surrogate or intermediate endpoints. Even if a drug qualifies for one or more of these programs, the FDA may later decide that the drug no longer meets the conditions for qualification or that the time period for FDA review or approval will not be shortened. Generally, drugs that may be eligible for these programs are those for serious or life-threatening diseases or conditions, those with the potential to address unmet medical

needs, and those that offer meaningful benefits over existing treatments. Fast track designation, breakthrough therapy designation, priority review and accelerated approval do not change the standards for approval but may expedite the development or approval process.

For example, fast track designation is designed to facilitate the development and expedite the review of drugs to treat serious or life-threatening diseases or conditions and which demonstrate the potential to address an unmet medical need for such diseases or conditions. With regard to a fast track-designated product, the FDA may consider for review sections of the NDA on a rolling basis before the complete application is submitted, if the sponsor provides a schedule for the submission of the sections of the NDA, the FDA agrees to accept sections of the NDA and determines that the schedule is acceptable, and the sponsor pays any required user fees upon submission of the first section of the NDA. Any product submitted to the FDA for approval, including a product with a fast track designation, may also be eligible for other types of FDA programs intended to expedite development and review, such as priority review and accelerated approval. A product is eligible for priority review if it has the potential to provide safe and effective therapy where no satisfactory alternative therapy exists or a significant improvement in the treatment, diagnosis or prevention of a disease compared to marketed products. The FDA will attempt to direct additional resources to the evaluation of an application for a new drug designated for priority review in an effort to facilitate the review. The FDA endeavors to review applications with priority review designations within six months of the filing date as compared to ten months for review of new molecular entity NDAs under its current PDUFA review goals.

Drug products intended for serious or life threatening conditions may be eligible for accelerated approval upon a determination that the product has an effect on a surrogate endpoint, which is a laboratory measurement or physical sign used as an indirect or substitute measurement representing a clinically meaningful outcome, or an effect on a clinical endpoint that can be measured earlier than irreversible morbidity or mortality and that is reasonably likely to predict an effect on irreversible morbidity or mortality or other clinical benefit, taking into account the severity, rarity or prevalence of the condition and the availability or lack of alternative treatments. As a condition of approval, the FDA may require that a sponsor of a drug receiving accelerated approval perform post-marketing clinical trials. In addition, the FDA currently requires pre-approval of promotional materials as a condition for accelerated approval.

The *Food and Drug Administration Safety and Innovation Act* established a category of drugs referred to as "breakthrough therapies" that may be eligible to receive breakthrough therapy designation. A sponsor may seek FDA designation of a product candidate as a "breakthrough therapy" if the product is intended, alone or in combination with one or more other drugs, to treat a serious or life-threatening disease or condition and preliminary clinical evidence indicates that the drug may demonstrate substantial improvement over existing therapies on one or more clinically significant endpoints, such as substantial treatment effects observed early in clinical development. Drugs designated as breakthrough therapies receive all the benefits of a fast track designation, as well as intensive guidance on efficient drug development and organizational commitment involving senior managers in the FDA.

Post-Approval Requirements. After a drug has been approved by the FDA for sale, the FDA may require that certain post-approval requirements be satisfied, including the conduct of additional clinical studies. In addition, certain changes to an approved product, such as adding new indications, making certain manufacturing changes, or making certain additional labeling claims, are subject to further FDA review and approval. Before a company can market products for additional indications, it must obtain additional approvals from the FDA. Obtaining approval for a new indication generally requires that additional clinical studies be conducted. A company cannot be sure that any additional approval for new indications for any product candidate will be approved on a timely basis, or at all.

If post-approval conditions are not satisfied, the FDA may withdraw its approval of the drug. In addition, holders of an approved NDA are required to (i) report certain adverse reactions to the FDA and maintain pharmacovigilance programs to proactively look for these adverse events; (ii) comply with certain requirements concerning advertising and promotional labeling for their products; and (iii) continue to have quality control and manufacturing procedures conform to GMPs after approval. The FDA periodically inspects the sponsor's records related to safety reporting and/or manufacturing facilities; this latter effort includes assessment of ongoing compliance with GMPs. Accordingly, manufacturers must continue to expend time, money and effort in the area of production and quality control to maintain GMP compliance. We use third-party manufacturers to produce our products in clinical and commercial quantities, and future FDA inspections may identify compliance issues at the facilities of our contract manufacturers that may disrupt production or distribution, or require substantial resources to correct. In addition, discovery of problems with a product after approval may result in restrictions on a product, manufacturer or holder of an approved NDA, including, among other things:

- restrictions on the marketing or manufacturing of the product, complete withdrawal of the product from the market or product recalls;
- fines, warning letters or holds on post-approval clinical trials;

- refusal of the FDA to approve pending applications or supplements to approved applications, or suspension or revocation of existing product approvals;
- product seizure or detention, or refusal to permit the import or export of products; or
- injunctions or the imposition of civil or criminal penalties.

Patent Term Restoration and Marketing Exclusivity. Depending upon the timing, duration and specifics of FDA approval of the use of our drugs, some of our U.S. patents may be eligible for limited patent term extension under the *Drug Price Competition and Patent Term Restoration Act of 1984*, referred to as the Hatch-Waxman Amendments. The Hatch-Waxman Amendments permit a patent restoration term of up to five years as compensation for patent term lost during product development and the FDA regulatory review process. However, patent term restoration cannot extend the remaining term of a patent beyond a total of 14 years from the product's approval date. The patent term restoration period is generally one-half the time between the effective date of an IND and the submission date of an NDA, plus the time between the submission date of an NDA and the approval of that application. Only one patent applicable to an approved drug is eligible for the extension and the extension must be requested prior to expiration of the patent. The U.S. Patent and Trademark Office, or USPTO, in consultation with the FDA, reviews and approves the application for any patent term extension or restoration. We have filed for a patent term extension for one of our U.S. patents, which is being considered by the USPTO. Only one U.S. patent is permitted to be extended for the currently approved drug product and its uses.

Data and market exclusivity provisions under the FDCA also can delay the submission or the approval of certain applications. The FDCA provides a five year period of non-patent data exclusivity within the United States to the first applicant to gain approval of an NDA for a new chemical entity. A drug is a new chemical entity if the FDA has not previously approved any other new drug containing the same active moiety, which is the molecule or ion responsible for the action of the drug substance. During the exclusivity period, the FDA may not accept for review an abbreviated new drug application, or ANDA, or an NDA submitted under section 505(b)(2) of the FDCA by another company for another version of such drug where the applicant does not own or have a legal right of reference to all the data required for approval. However, an application may be submitted after four years if it contains a certification of patent invalidity or noninfringement. The FDCA also provides three years of marketing exclusivity for an NDA, 505(b)(2) NDA or supplement to an existing NDA if new clinical investigations, other than bioavailability studies, conducted or sponsored by the applicant are deemed by the FDA to be essential to the approval of the application, for example, for new indications, dosages or strengths of an existing drug. This three-year exclusivity covers only the conditions associated with the new clinical investigations and does not prohibit the FDA from approving ANDAs or 505(b)(2) NDAs for drugs containing the original active agent or from accepting and reviewing an application referencing the approved drug's application. Five-year and three-year exclusivity will not delay the submission or approval of a full NDA; however, an applicant submitting a full NDA would be required to conduct, or obtain a right of reference to all of the pre-clinical studies and clinical trials necessary to demonstrate safety and effectiveness.

Foreign Regulation

In addition to regulations in the United States, we may become subject to a variety of foreign regulations governing clinical trials and commercial sales and distribution of LUPKYNIS or other potential future products. In many cases, we must obtain approval of the country's regulatory authorities in order to conduct clinical trials or market products, although in selected countries there are regulations that permit marketing a product on the basis of an approval that has been received in the US, EU, or elsewhere. The approval process and requirements governing the conduct of clinical trials, product licensing, pricing and reimbursement vary greatly from place to place, and the time may be longer or shorter than that required for FDA approval.

As an example, in the EEA, which is comprised of the Member States of the EU plus Norway, Iceland and Liechtenstein, medicinal products can only be commercialized after obtaining a Marketing Authorization (MA). There are two types of MAs:

- Community MAs – These are issued by the European Commission through the centralized procedure, based on the opinion of the Committee for Medicinal Products for Human Use, or CHMP, of the EMA, and are valid throughout the entire territory of the EEA. The Centralized Procedure is mandatory for certain types of products, such as biotechnology medicinal products, orphan medicinal products, and medicinal products indicated for the treatment of AIDS, cancer, neurodegenerative disorders, diabetes, autoimmune and viral diseases. The centralized procedure is optional for products containing a new active substance not yet authorized in the EEA; for products that constitute a significant therapeutic, scientific or technical innovation; or for products that are in the interest of public health in the EU.

- National MAs – These are issued by the competent authorities of the member states of the EEA and only cover their respective territory and are available for products not falling within the mandatory scope of the Centralized Procedure. Where a product has already been authorized for marketing in a member state of the EEA, this national MA can be recognized in another member state through the mutual recognition procedure. If the product has not received a

national MA in any member state at the time of application, it can be approved simultaneously in various member states through the decentralized procedure. Under the decentralized procedure, an identical dossier is submitted to the competent authorities of each of the member states in which the MA is sought, one of which is selected by the applicant as the reference member state. The competent authority of the reference member state prepares a draft assessment report, a draft summary of the product characteristics, or SmPC, and a draft of the labeling and package leaflet, which are sent to the other member states (referred to as the Member States Concerned) for their approval. If the Member States Concerned raise no objections, based on a potential serious risk to public health, to the assessment, SmPC, labeling or packaging proposed by the reference member state, the product is subsequently granted a national MA in all the member states, i.e., in the reference member state and the member states concerned.

Under the above described procedures, before granting the MA, the EMA or the competent authorities of the member states of the EEA assess the risk benefit balance of the product on the basis of scientific criteria concerning its quality, safety and efficacy.

As in the United States, it may be possible in foreign countries to obtain a period of market and/or data exclusivity that would have the effect of postponing the entry into the marketplace of a competitor's generic product. For example, if any of our products receive marketing approval in the EEA, we expect they will benefit from eight years of data exclusivity and 10 years of marketing exclusivity. An additional non-cumulative one-year period of marketing exclusivity is possible if during the data exclusivity period (the first eight years of the 10-year marketing exclusivity period), we (or our licensee or partner) obtain an authorization for one or more new therapeutic indications that are deemed to bring a significant clinical benefit compared to existing therapies. The data exclusivity period begins on the date of the product's first marketing authorization in the EEA and prevents generics from relying on the marketing authorization holder's pharmacological, toxicological and clinical data for a period of eight years. After eight years, a generic product application may be submitted, and generic companies may rely on the marketing authorization holder's data. However, a generic cannot launch until two years later (or a total of 10 years after the first marketing authorization in the EU of the innovator product), or three years later (or a total of 11 years after the first marketing authorization in the EU of the innovator product) if the marketing authorization holder obtains marketing authorization for a new indication with significant clinical benefit within the eight-year data exclusivity period.

When conducting clinical trials in the EU, we must adhere to the provisions of the European Union Clinical Trials Directive (Directive 2001/20/EC) and the laws and regulations of the EU Member States implementing them. These provisions require, among other things, that the prior authorization of an Ethics Committee and the competent Member State authority is obtained before commencing the clinical trial. In April 2014, the EU passed the Clinical Trials Regulation (Regulation 536/2014), which will replace the current Clinical Trials Directive. To ensure that the rules for clinical trials are identical throughout the European Union, the EU Clinical Trials Regulation was passed as a regulation that is directly applicable in all EU member states. All clinical trials performed in the European Union are required to be conducted in accordance with the Clinical Trials Directive until the Clinical Trials Regulation becomes applicable. According to the current plans of the EMA, the Clinical Trials Regulation is expected to become applicable in December 2021.

Japan

In Japan, the Pharmaceutical and Medical Devices Agency (PMDA) is the main regulatory agency that oversees the review and approval of the drugs in Japan. There is the potential for PMDA to require additional clinical trials to be conducted to generate data in a Japanese population.

Japan's regulatory system requires the Japanese New Drug Application (J-NDA) documents to be prepared in the common technical document format. Once the applicant files the J-NDA, PMDA reviews the application and may carry out a GMP investigation of manufacturing site. If there are any major issues, PMDA reviewer will prepare a summary of the main issues, discuss with the applicant and may organize an expert discussion, which involves a discussion between the PMDA reviewer and external expert on the proposed major issue(s).

Following this review meeting, PMDA may again hold another expert discussion (if necessary) and prepares a review report for final approval within the Japanese government. The standard time for approval of a J-NDA is approximately 12 months. In Japan, our products may be eligible for eight years of data exclusivity. There can be no assurance that we will qualify for such regulatory exclusivity, or that such exclusivity will prevent competitors from seeking approval solely on the basis of their own studies.

Coverage and Reimbursement

In the United States and internationally, sales of LUPKYNIS and any other products that we market in the future, and our ability to generate revenues on such sales, are dependent, in significant part, on the availability of adequate coverage and reimbursement from third-party payors, such as state and federal governments, managed care providers and private insurance plans. Private insurers, such as health maintenance organizations and managed care providers, have implemented cost-cutting and reimbursement initiatives and likely will continue to do so in the future. These include establishing formularies that govern the drugs and biologics that will be offered and the out-of-pocket obligations of member patients for such products. We may need to conduct pharmacoeconomic studies to demonstrate the cost-effectiveness of our products for formulary coverage and reimbursement. Even with such studies, our products may be considered less safe, less effective or less cost-effective than existing products, and third-party payors may not provide coverage and reimbursement for our product candidates, in whole or in part.

In addition, particularly in the United States and increasingly in other countries, we are required to provide discounts and pay rebates to state and federal governments and agencies in connection with purchases of our products that are reimbursed by such entities. It is possible that future legislation in the United States and other jurisdictions could be enacted to potentially impact reimbursement rates for the products we are developing and may develop in the future and could further impact the levels of discounts and rebates paid to federal and state government entities. Any legislation that impacts these areas could impact, in a significant way, our ability to generate revenues from sales of products that, if successfully developed, we bring to market.

Political, economic and regulatory influences are subjecting the healthcare industry in the United States to fundamental changes. There have been, and we expect there will continue to be, legislative and regulatory proposals to change the healthcare system in ways that could significantly affect our future business. For example, the *Patient Protection and Affordable Care Act*, as amended by the *Health Care and Education Reconciliation Act* (collectively, the ACA) enacted in March 2010, substantially changes the way healthcare is financed by both governmental and private insurers. Among other cost containment measures, ACA establishes:

- an annual, nondeductible fee on any entity that manufactures or imports certain branded prescription drugs and biologic agents;
- a new Medicare Part D coverage gap discount program, in which pharmaceutical manufacturers who wish to have their drugs covered under Part D must offer discounts to eligible beneficiaries during their coverage gap period, often referred to as the donut hole; and
- a new formula that increases the rebates a manufacturer must pay under the Medicaid Drug Rebate Program.

In addition, other legislative changes have been proposed and adopted in the United States since the ACA was enacted. For example, the *Budget Control Act of 2011*, among other things, included aggregate reductions to Medicare payments to providers of 2% per fiscal year, which went into effect on April 1, 2013 and, due to subsequent legislative amendments to the statute, will remain in effect through 2029 unless additional Congressional action is taken. The *American Taxpayer Relief Act of 2012*, among other things, reduced Medicare payments to several types of providers, including hospitals, imaging centers and cancer treatment centers, and increased the statute of limitations period for the government to recover overpayments to providers from three to five years. Individual states in the United States have also become increasingly active in passing legislation and implementing regulations designed to control pharmaceutical product pricing, including price or patient reimbursement constraints, discounts, restrictions on certain product access and marketing cost disclosure and transparency measures, and, in some cases, designed to encourage importation from other countries and bulk purchasing. Recently, there has also been heightened governmental (federal and state) scrutiny over the manner in which drug manufacturers set prices for their marketed products, which has resulted in several Congressional inquiries and proposed bills designed to, among other things, bring more transparency to product pricing, review the relationship between pricing and manufacturer patient programs, and reform government program reimbursement methodologies for drug products. For example, the *21st Century Cures Act* changes the reimbursement methodology for infusion drugs and biologics furnished through durable medical equipment in an attempt to remedy over- and underpayment of certain drugs.

Similar political, economic and regulatory developments are occurring in the EU and may affect the ability of pharmaceutical companies to profitably commercialize their products. In addition to continuing pressure on prices and cost containment measures, legislative developments at the EU or member state level may result in significant additional requirements or obstacles. The delivery of healthcare in the EU, including the establishment and operation of health services and the pricing and reimbursement of medicines, is almost exclusively a matter for national, rather than EU, law and policy. National governments and health service providers have different priorities and approaches to the delivery of health care and the pricing and reimbursement of products in that context. In general, however, the healthcare budgetary constraints in most EU member states have resulted in restrictions on the pricing and reimbursement of medicines by relevant health service providers. Coupled with ever-increasing EU and national regulatory burdens on those wishing to develop and market products, this could restrict or regulate post-approval activities and affect the ability of pharmaceutical companies to commercialize their products. In

international markets, reimbursement and healthcare payment systems vary significantly by country, and many countries have instituted price ceilings on specific products and therapies.

In the future, there may continue to be additional proposals relating to the reform of the U.S. healthcare system and international healthcare systems. Future legislation, or regulatory actions implementing recent or future legislation may have a significant effect on our business. Our ability to successfully commercialize products depends in part on the extent to which reimbursement for the costs of our products and related treatments will be available in the United States and worldwide from government health administration authorities, private health insurers and other organizations. The adoption of certain proposals could limit the prices we are able to charge for our products, the amounts of reimbursement available for our products, and limit the acceptance and availability of our products. Therefore, substantial uncertainty exists as to the reimbursement status of newly approved health care products by third-party payors.

MANUFACTURING AND SUPPLY CHAIN

In order to supply commercial inventory for LUPKYNIS, we have established relationships with contract manufacturing organizations or CMOs, coupled with supply agreements, for the manufacturing of active pharmaceutical ingredient or API, and encapsulation of LUPKYNIS 7.9 mg capsules.

Manufacturing of API

LUPKYNIS requires a specialized API manufacturing process and is manufactured by Lonza. Pricing for supply is determined through supply agreements between us and Lonza and is based on the kilograms produced and the cost of the raw materials used in the API manufacturing process. As at the date of this Annual Report, we have not experienced any difficulty in obtaining the raw materials required with respect to the manufacturing of voclopsorin. We believe we have enough inventory on hand and manufacturing capacity to meet forecasted demand.

Encapsulation

Catalent Pharma Solutions (Catalent) is currently the sole supplier for the encapsulation and the packaging of our voclosporin drug supply. Pricing for these services is determined by a supply agreement between Catalent and us. We expect that Catalent will continue to provide contract manufacturing services with respect to encapsulating LUPKYNIS 7.9 mg and capsules required for our future commercial and clinical supply needs.

Marketing, Sales and Distribution

We have built a world class commercial organization with deep expertise and a focus on rheumatology and nephrology to support the commercialization of LUPKYNIS. The commercial team consists of sales, marketing, commercial operations, commercial supply chain, patient services, market access, and professional and advocacy relations.

HUMAN CAPITAL MANAGEMENT

As of December 31, 2020, we employed 294 employees across the United States, Canada and the United Kingdom, all of whom are expected to be guided by our vision and values and by an underlying set of ethical principles. We are committed to treating each of our employees fairly, and to maintaining employment practices based on equal opportunity for all employees. We respect each other's privacy and treat each other with dignity and respect irrespective of age, race, color, sex, sexual preference, nationality, or physical condition. We are committed to providing safe and healthy working conditions and an atmosphere of open communication for all of our employees.

While the Compensation Committee of our board of directors has the primary responsibility of overseeing our human capital management activities (including assessing the effectiveness of employee programs and advising management with regard to establishing our strategic goals and overall human resource strategies), other committees also have responsibilities that impact our human capital management as outlined in their respective charters. Within management, our human resources function has global management responsibility for advising and assisting the business on human resource matters and executing our overall human capital management strategies.

We strive to engage and retain our employees throughout the employment life-cycle with effective recruiting and onboarding; competitive pay, benefits and other total rewards; programs for professional development and career advancement; compliance training; succession planning; and a safe, healthy and respectful workplace.

In response to the COVID-19 pandemic, we quickly implemented safety and health standards and protocols for our employees while continuing to offer a safe environment as an essential service to our customers. Our employees have been working from home since March 2020, but have also been empowered with the option of working from the office if they so choose (in particular in our Victoria office, where the number of COVID-19 cases has been relatively small). Our offices are provided with personal protective equipment, other equipment and enhanced cleaning supplies, and are required to adhere to appropriate protocols for social distancing, limiting density, reporting and documenting exposures and wearing masks at all times, all as recommended by the Centers for Disease Control or mandated by local regulations.

We have no collective bargaining agreements with our employees, and we have not experienced any work stoppages.

We maintain a whistleblower hotline that is available to all of our employees to report (anonymously if desired) any matter of concern. Communications to the hotline (which is facilitated by an independent third party) are routed to our General Counsel for investigation and resolution.

CORPORATE INFORMATION

Aurinia is organized under the *Business Corporations Act* (Alberta). We have two wholly-owned subsidiaries: Aurinia Pharma U.S., Inc., (Delaware incorporated) and Aurinia Pharma Limited (United Kingdom incorporated). Our principal executive office is located at #1203-4464 Markham Street, Victoria, British Columbia, V8Z 7X8, Canada and our phone number is +1 (250) 744-2487. Our registered office is located at #201, 17873 -106A Avenue, Edmonton, Alberta Canada and our US commercial office is located at 77 Upper Rock Circle, Suite 700, Rockville, Maryland 20850.

Our website address is www.auriniapharma.com and our investor relations website is located at https://ir.auriniapharma.com. The SEC maintains an Internet site that contains reports, proxy and information statements, and other information regarding issuers that file electronically with the SEC at www.sec.gov. Beginning January 1, 2020, our annual reports on Form 10-K, quarterly reports on Form 10-Q, current reports on Form 8-K and amendments to reports filed or furnished pursuant to Sections 13(a) and 15(d) of the Exchange Act are also available free of charge on our investor relations website as soon as reasonably practicable after we electronically file such material with, or furnish it to, the SEC. The information posted on, or that can be accessed through, our website and investor relations website is not incorporated into this Annual Report and the contents of these websites are not intended to be incorporated by reference into any report or document we file with, or furnish to, the SEC. Our documents are also filed with securities regulators in Canada and are available under our profile at the website www.sedar.com.

Item 1A. Risk Factors

Our business is subject to numerous risks. You should carefully consider the following risks and all other information contained in or incorporated by reference in this Annual Report, as well as general economic and business risks, together with any other documents we file with the SEC. The risks set out below are not the only risks we face; risks and uncertainties not currently known to use or that we currently deem to be immaterial may also harm our business, operating results and financial condition. If any of the following events occur or risks materialize, it could harm our business, operating results and financial condition and cause the trading price of our common shares to decline.

Risks Related to the COVID-19 Pandemic

Our business, results of operations, and future growth prospects could be materially and adversely affected by the COVID-19 pandemic.

Due to the evolving and uncertain impacts of the COVID-19 pandemic, we cannot precisely determine or quantify the impact this pandemic will have on our business operations going forward. In response to the spread of COVID-19, we have closed our offices with our administrative employees continuing their work outside of our offices and restricted on-site staff to only those required to execute their job responsibilities. We have also adapted from a standard marketing routine, as LUPKYNIS was launched in the middle of a pandemic, where our sales force would have the option of meeting with physicians virtually or in-person. As a result of the COVID-19 pandemic, we have and may continue to experience disruptions that severely impact our business, commercialization, pre-clinical studies, and clinical trials, including:

a. delays or difficulties in enrolling patients in our clinical trials;
b. delays or difficulties in building out and maintaining commercial infrastructure;
c. delays in recruiting for key positions;

d. delays or difficulties in clinical site initiation, including difficulties in recruiting clinical site investigators and clinical site staff;
e. interruption of key clinical trial activities, such as clinical trial site data monitoring, due to limitations on travel imposed or recommended by federal, provincial or state governments, employers, and others or interruption of clinical trial subject visits and study procedures, which may impact the integrity of subject data and clinical study endpoints;
f. interruption or delays in the operations of applicable regulatory authorities, which could impact the ability to obtain applicable regulatory approvals, and could impact on ability to commercialize internationally or receive milestone payments from licensees;
g. interruption or delays in receiving supplies of LUPKYNIS from our contract manufacturing organizations due to staffing shortages, production slowdowns or stoppages, and disruptions in delivery systems;
h. limitations on employee resources that would otherwise be focused on the conduct of our pre-clinical studies and clinical trials, including because of sickness of employees or their families or the desire of employees to avoid contact with large groups of people;
i. limited ability to access accounts and healthcare professionals, in person or at all, to provide medical information to promote; and
j. patient visits to physicians and new patient start might have limited access to prescribers.

The pandemic has significantly impacted economies worldwide, which could result in harm to our business and operations. The COVID-19 pandemic continues to rapidly evolve. The extent to which the pandemic may impact our business, commercialization, pre-clinical studies, and clinical trials will depend on future developments, which are highly uncertain and cannot be predicted with confidence, such as the ultimate geographic spread of the disease and its new strains, the duration of the outbreak, travel restrictions, and social distancing in Canada, the United States and other countries, business closures or business disruptions and the effectiveness of vaccinations and actions taken in the Canada, the United States and other countries to contain and treat the disease.

To the extent the COVID-19 pandemic harms our business and financial results, it may also have the effect of heightening many of the other risks described in this Annual Report. Because of the highly uncertain and dynamic nature of events relating to the COVID-19 pandemic, it is not currently possible to estimate the impact of COVID-19 on our business. However, these effects could harm our operations, and we will continue to monitor the COVID-19 situation.

Risks Related to Commercialization

Our success depends on our ability to commercialize* LUPKYNIS*. We are currently a single approved product company with limited commercial sales experience and if we are not able to achieve our financial targets related to commercializing* LUPKYNIS*, then we may need to curtail or cease operations.

We have invested a significant portion of our efforts and financial resources in the development and commercialization of LUPKYNIS, and we expect LUPKYNIS to constitute our only product revenue for the foreseeable future. Our success depends on our ability to commercialize LUPKYNIS successfully. Successful commercialization of LUPKYNIS is subject to many risks. There are numerous examples of unsuccessful product launches and failures to meet high expectations of market potential, including by pharmaceutical companies with more experience and resources than we have.

We have limited experience commercializing pharmaceutical products as an organization. In order to market LUPKYNIS successfully, we must continue to build our sales, marketing, managerial, compliance, and related capabilities or make arrangements with third parties to perform these services. If we are unable to establish and maintain adequate sales, marketing, and distribution capabilities, whether independently or with third parties, we may not be able to commercialize LUPKYNIS appropriately and may not become profitable.

Part of our strategy to commercialize LUPKYNIS in the United States is to maintain a direct sales force. These efforts have been and will continue to be expensive and time-consuming, and we cannot be certain that we will be able to successfully develop and maintain this capability. LUPKYNIS is a newly marketed product and, therefore, none of the members of our sales force had ever promoted LUPKYNIS prior to its commercial launch. In addition, prior to December 2020, there were no FDA approved treatments for LN. If we are unable to effectively train our sales force and equip them with effective materials, including medical and sales literature to help them inform and educate potential customers our efforts to commercialize successfully could be harmed, which would negatively impact our ability to generate product revenue.

Our ability to successfully commercialize* LUPKYNIS *will depend on effectively deploying the sales force we have established and maintaining marketing, manufacturing, and distribution capabilities or relationships.

Our ability to generate revenues and meet expectations will be contingent on the successful commercialization of LUPKYNIS. A successful commercialization will depend on our ability to, amongst other things:

- achieve and maintain compliance with regulatory requirements;
- create and sustain market demand for and achieve market acceptance of LUPKYNIS through our marketing and sales activities and other arrangements established for the promotion of LUPKYNIS;
- educate physicians and patients about the benefits, administration and use of LUPKYNIS;
- train, deploy, and support a qualified sale force;
- ensure that our third-party manufacturers manufacture LUPKYNIS in sufficient quantities, in compliance with requirements of the FDA, and at acceptable quality and pricing levels in order to meet commercial demand;
- ensure that our third-party manufacturers develop, validate and maintain commercially viable manufacturing processes that are compliant with GMP regulations;
- implement and maintain agreements with wholesalers, distributors, and group purchasing organizations on commercially reasonable terms;
- ensure that our entire supply chain efficiently and consistently delivers LUPKYNIS to our customers;
- receive adequate levels of coverage and reimbursement for LUPKYNIS from commercial health plans and governmental health programs;
- provide co-pay assistance to help qualified patients with out-of-pocket costs associated with their LUPKYNIS prescription and/or other programs to ensure patient access to our product;
- obtain acceptance of LUPKYNIS as safe and effective by patients and the medical community;
- influence the nature of publicity related to LUPKYNIS relative to the publicity related to our competitors' products; and
- maintain and defend our patent protection and regulatory exclusivity for LUPKYNIS.

Many of these factors are beyond our control and if we are not successful in commercializing LUPKYNIS, or are significantly delayed in doing so, our business will be harmed, and we may need to curtail or cease operations.

We depend on a limited number of customers and an estimated number of patients for a significant amount of our total revenue, and if we lose any of our significant customers, or if our estimates as to the number of potential patients is wrong, our business could be harmed.

Our estimates of the number of patients who have received or might have been candidates to use LUPKYNIS may not accurately reflect the true market for LUPKYNIS or the extent to which it will actually be used by patients. Our failure to forecast and successfully introduce and market LUPKYNIS could harm our business, as it could reduce our market potential.

Most of our revenue will come from a limited number of direct customers. The loss by us of any of these customers, or a material reduction in their purchases, could harm our business and prospects. In addition, if any of these customers were to fail to pay us in a timely manner, it could negatively impact our cash flow from operations.

LUPKYNIS ***may not achieve or maintain expected levels of market acceptance among physicians, patients, the medical community, and third-party payors, which could harm our business, financial condition and results of operations and could cause the market value of our Securities to decline.***

The commercial success of LUPKYNISis dependent upon achieving and maintaining market acceptance among physicians, patients, and the medical community. New products that appear promising in development may fail to reach the market or may have only limited or no commercial success. Levels of market acceptance for LUPKYNIS could be impacted by several factors, many of which are not within our control, including but not limited to:

- limitations or warnings contained in the approved labeling;
- changes in the standard of care for the targeted indication;
- limitations in the approved clinical indication;
- demonstrated clinical safety and efficacy compared to other products;
- lack of significant adverse side effects;
- sales, marketing, and distribution support;
- availability and extent of reimbursement from managed care plans and other third-party payors;
- timing of market introduction and perceived effectiveness of competitive products;
- the degree of cost-effectiveness;
- availability of alternative therapies at similar or lower cost, including generic and over-the-counter products;
- whether the product is designated under physician treatment guidelines as a first-line therapy or as a second- or third-line therapy;
- the degree of market acceptance, and the number of, competitive products;

- adverse publicity about our product or favorable publicity about competitive products;
- convenience and ease of administration of our products; and
- potential product liability claims.

If LUPKYNIS does not achieve an adequate level of acceptance by physicians, patients, and the medical community, we may not generate sufficient revenue, and we may not become or remain profitable. Efforts to educate the medical community and third-party payors on the benefits of LUPKYNIS may require significant resources and may never be successful.

LUPKYNIS ***may become subject to unfavorable pricing regulations or third-party coverage and reimbursement policies, which would harm our business.***

Price controls and price pressure may be imposed in foreign and U.S. markets, which may adversely affect our future profitability. LUPKYNIS may become subject to unfavorable pricing regulations, third-party reimbursement practices or healthcare reform initiatives, which could harm our business. In addition, reimbursement may be limited or unavailable in certain market segments which could make it difficult for us to sell LUPKYNIS profitably. Adverse pricing limitations might hinder our ability to recoup our investment in LUPKYNIS.

Our ability to commercialize LUPKYNIS successfully will also depend in part on the extent to which coverage and reimbursement for LUPKYNIS will be available from government authorities, private health insurers and other organizations. In the United States and markets in other countries, patients generally rely on third-party reimbursement for all or part of the costs associated with their treatment. Adequate coverage and reimbursement from governmental healthcare programs, such as Medicare and Medicaid, and commercial payors is critical to new product acceptance. Our ability to successfully commercialize LUPKYNIS will depend in part on the extent to which coverage and adequate reimbursement of LUPKYNIS will be available from government health administration authorities, private health insurers and other organizations. Government authorities and other third-party payors such as private health insurers and health maintenance organizations, decide which medication they will pay for and establish reimbursement levels.

A primary trend in the U.S. healthcare industry and elsewhere is cost containment. Government authorities and third-party payors have attempted to control costs by limiting coverage and the amount of reimbursement for particular products. Increasingly, third-party payors are requiring that drug companies provide them with predetermined discounts from list prices and are challenging the prices charged for products. We cannot be certain that coverage will be available for LUPKYNIS and, if available, the level of reimbursement. Reimbursement will impact the demand for, or the price of, our approved product. If reimbursement is limited or not available, we might not be able to successfully commercialize LUPKYNIS.

There may be delays in obtaining reimbursement for newly approved products and eligibility for reimbursement does not imply that any product will be paid for in all cases or at a rate that covers our costs, including research, development, manufacture, patient services, sale, and distribution. Net prices for products may be reduced by mandatory discounts or rebates required by government healthcare programs or private payors. Private third-party payors often rely on Medicare coverage policy and payment limitations in setting their own reimbursement policies. Our inability to promptly obtain coverage and profitable payment rates from both government funded and private payors for our approved product could have a material adverse effect on our operating results, our ability to raise capital needed to commercialize LUPKYNIS and on our overall financial condition.

If we fail to comply with our reporting and payment obligations under the Medicaid Drug Rebate Program or other governmental pricing programs in the United States, we could be subject to additional reimbursement requirements, penalties, sanctions and fines, which could have a material adverse effect on our business, results of operations and financial condition.

We participate in the Medicaid Drug Rebate Program, as administered by Centers for Medicare and Medicaid Services, and other federal and state government pricing programs in the United States, and we may participate in additional government pricing programs in the future. These programs generally require us to pay rebates or otherwise provide discounts to government payors in connection with products, including LUPKYNIS, that are dispensed to beneficiaries of these programs. In some cases, such as with the Medicaid Drug Rebate Program, the rebates are based on pricing and rebate calculations that we report on a monthly and quarterly basis to the government agencies that administer the programs.

Pricing and rebate calculations are complex, vary among products and programs, and are often subject to interpretation by governmental or regulatory agencies and the courts. The terms, scope and complexity of these government pricing programs change frequently. Responding to current and future changes may increase our costs and the complexity of compliance will be time consuming. In addition, there is increased focus by the Office of Inspector General on the methodologies used by manufacturers to calculate Average Manufacturer Price or AMP, and best price or BP, to assess our compliance with reporting

requirements under the Medicaid Drug Rebate Program. We are liable for errors associated with our submission of pricing data and for any overcharging of government payors. For example, failure to submit monthly/quarterly AMP and BP data on a timely basis could result in a civil monetary penalty per day for each day the submission is late beyond the due date. Failure to make necessary disclosures and/or to identify overpayments could result in allegations against us under the Federal False Claims Act and other laws and regulations. Any required refunds to the U.S. government or responding to a government investigation or enforcement action would be expensive and time consuming and could have a material adverse effect on our business, results of operations and financial condition. If Centers for Medicare and Medicaid Services were to terminate our rebate agreement, no federal payments would be available under Medicaid or Medicare for our covered outpatient products.

Risks Related to Patents and Proprietary Technology

Our proprietary rights may not adequately protect our intellectual property and product, and if we cannot obtain adequate protection of our intellectual property and product, we may not be able to successfully market our product.

Patents and other proprietary rights are essential to our business. Our practice has been to file patent applications to protect technology, inventions, and improvements to our inventions that are considered important to the development of our business.

Our success will depend in part on our ability to obtain patents, defend patents, maintain trade secret protection, and operate without infringing on the proprietary rights of others. Interpretation and evaluation of pharmaceutical patent claims present complex and often novel legal and factual questions. Accordingly, there is some question as to the extent to which pharmaceutical discoveries and related products and processes can be effectively protected by patents. As a result, there can be no assurance that:

- patent applications will result in the issuance of patents;
- additional proprietary products developed will be patentable;
- patents issued will provide adequate protection or any competitive advantages;
- patents issued will not be successfully challenged and invalidated by third parties;
- LUPKYNIS does not infringe the patents or intellectual property of others; or
- that we will be able to obtain any extensions of the applicable patent terms.

Several pharmaceutical, biotechnology, and medical device companies and research and academic institutions have developed technologies, filed patent applications, or received patents on various technologies that may be related to our business. Some of these technologies, applications or patents may conflict with or adversely affect our technologies or intellectual property rights. Any conflicts with the intellectual property of others could limit the scope of the patents, if any, that we may be able to obtain or result in the denial of patent applications altogether. Obtaining and maintaining patent protection depends on compliance with various procedural, document submission, fee payment, and other imposed by government patent agencies, and our patent protection could be reduced or eliminated for non-compliance with these requirements.

We may need to license certain intellectual property from third parties, and such licenses may not be available on commercially reasonable terms.

An unfavorable outcome in an interference or opposition proceeding or a conflict with the intellectual property of others could preclude us or our collaborators or licensees from making, using or selling product using the technology, or require us to obtain license rights from third parties. It is not known whether any prevailing party would offer a license on commercially acceptable terms, if at all. Further, any such license could require the expenditure of substantial time and resources and could harm our business. If such licenses are not available, we could encounter delays or prohibition of the development or introduction of LUPKYNIS.

We may need to enter into license agreements in the future. As part of discovery and development activities, we routinely evaluate in-licenses from academic and research organizations. Future license agreements might impose various diligence, milestone payment, royalty, and other obligations on us. If there is any conflict, dispute, disagreement or issue of non-performance between us and our licensing partners (such as Otsuka) regarding our rights or obligations under the licensing agreement, we may owe damages, our licensor may have a right to terminate the affected license, and our and our partner's ability to utilize the affected intellectual property in our drug discovery and development efforts, and our ability to ensure into collaboration or marketing agreements for an affected product, may be adversely affected.

We may become involved in lawsuits to protect or enforce our patents and other intellectual property rights, which could be expensive, time-consuming, and unsuccessful.

Competitors or commercial supply companies or others may infringe our patents and other intellectual property rights. To counter such infringement, we may advise such companies of our intellectual property rights, including, in some cases, intellectual property rights that provide protection for our product, and demand that they stop infringing those rights. Such demand may provide such companies the opportunity to challenge the validity of certain of our intellectual property rights, or the opportunity to seek a finding that their activities do not infringe our intellectual property rights. We may also be required to file infringement actions, which can be expensive and time-consuming. In an infringement proceeding, a defendant may assert, and a court may agree with a defendant, that a patent of ours is invalid or unenforceable or may refuse to stop the other party from using the intellectual property at issue. An adverse result in any litigation could put one or more of our patents at risk of being invalidated or interpreted narrowly. Furthermore, because of the substantial amount of discovery required in connection with intellectual property litigation, there is a risk that some of our confidential information could be compromised by disclosure during this type of litigation.

Even if resolved in our favor, litigation or other legal proceedings relating to intellectual property claims may cause us to incur significant expenses and could distract our personnel from their normal responsibilities. In addition, there could be public announcements of the results of hearings, motions or other interim proceedings or developments and if securities analysts or investors perceive these results to be negative, it could impact the price of our Common Shares. Such litigation or proceedings could substantially increase our operating losses and reduce the resources available for development activities or any future sales, marketing or distribution activities. We may not have sufficient financial or other resources to adequately conduct such litigation or proceedings. Some of our competitors may be able to sustain the costs of such litigation or proceedings more effectively than we can because of their greater financial resources. Uncertainties resulting from the initiation and continuation of patent litigation or other proceedings could harm our ability to compete in the marketplace.

We may not be able to protect our intellectual property rights throughout the world.

Filing, prosecuting, and defending our intellectual property rights in all countries throughout the world would be prohibitively expensive, time consuming, distract our personnel from their normal responsibilities and might be unsuccessful.

Our intellectual property rights in some countries outside of the United States can be less extensive than those in the United States. In addition, the laws of some foreign countries do not protect intellectual property rights to the same extent as federal and state laws in the United States. Further, licensing partners (such as Otsuka) may not prosecute patents in certain jurisdictions in which we may obtain commercial rights, thereby precluding the possibility of later obtaining patent protection in these countries. Consequently, we may not be able to prevent third parties from practicing our inventions in all countries outside the United States, or from selling or importing product made using our inventions in and into the United States or other jurisdictions. Competitors may use our technologies in jurisdictions where we have not obtained patent protection to develop their own products and may also export infringing products to territories where we have patent protection, but enforcement is not as strong as that in the United States. These products may compete with LUPKYNIS, and our intellectual property rights may not be effective or sufficient to prevent them from competing.

Many companies have encountered significant problems in protecting and defending intellectual property rights in foreign jurisdictions. The legal systems of certain countries, particularly certain developing countries, do not favor the enforcement of patents, trade secrets, and other intellectual property protection, particularly those relating to biotechnology products, which could make it difficult for us to stop the infringement of our intellectual property rights or marketing of competing products in violation of our proprietary rights generally. Proceedings to enforce our proprietary rights in foreign jurisdictions, whether or not successful, could result in substantial costs and divert our efforts and attention from other aspects of our business, could put our proprietary rights at risk of being invalidated or interpreted narrowly, could put our patent applications at risk of not issuing, and could provoke third parties to assert claims against us. We may not prevail in any lawsuits that we initiate, and the damages or other remedies awarded, if any, may not be commercially meaningful. Accordingly, our efforts to enforce our intellectual property rights around the world may be inadequate to obtain a significant commercial advantage from the intellectual property that we develop or license.

***Changes in patent law in the United States and other jurisdictions could diminish the value of patents in general, thereby impairing our ability to protect*LUPKYNIS.**

As is the case with other pharmaceutical companies, our success is heavily dependent on intellectual property, particularly patents. Obtaining and enforcing patents in the pharmaceutical industry involve both technological and legal complexity and is therefore costly, time-consuming and inherently uncertain. Patent reform legislation in the United States and other countries could increase those uncertainties and costs.

The first-to-file provisions of the current United States patent system only became effective on March 16, 2013. Accordingly, it is not yet clear what, if any, impact those provisions will have on the operation of our business. The implementation and interpretation of new patent laws could make it more difficult to obtain patent protection for our inventions and increase the uncertainties and costs surrounding the prosecution of our patent applications and the enforcement or defense of our issued patents, all of which could harm our business, results of operations and financial condition.

The U.S. Supreme Court has ruled on several patent cases in recent years, either narrowing the scope of patent protection available in certain circumstances or weakening the rights of patent owners in certain situations. In addition, there have been recent proposals for additional changes to the patent laws of the U.S. and other countries that, if adopted, could impact our ability to obtain patent protection for our proprietary technology or our ability to enforce our proprietary technology. Depending on future actions by the U.S. Congress, the United States courts, the United States Patent and Trademark Office and the relevant law-making bodies in other countries, the laws and regulations governing patents could change in unpredictable ways that would weaken our ability to obtain new patents or to enforce our existing patents and patents that we might obtain in the future.

Not all of our trademarks are registered. Failure to secure those registrations could adversely affect our business.

If we do not secure registrations for our trademarks, we may encounter more difficulty in enforcing them against third parties than we otherwise would, which could adversely affect our business. During trademark registration proceedings in the United States and foreign jurisdictions, we may receive rejections. We will be given an opportunity to respond to those rejections, but we may not be able to overcome such rejections. In addition, in the U.S. Patent and Trademark Office and in comparable agencies in many foreign jurisdictions, third parties are given an opportunity to oppose pending trademark applications and to seek to cancel registered trademarks. Opposition or cancellation proceedings may be filed against our trademarks, and our trademarks may not survive such proceedings.

If we are unable to protect the confidentiality of our trade secrets, our business and competitive position would be harmed. Confidentiality agreements with employees and third parties may not prevent unauthorized disclosure of trade secrets or other proprietary information.

There may be an unauthorized disclosure of the significant amount of confidential information under our control. We maintain and manage confidential information relating to our technology, research and development, production, marketing, and business operations and those of our collaborators, in various forms. Although we have implemented controls to protect the confidentiality of such information, there can be no assurance that such controls will be effective. Unauthorized disclosures of such information could subject us to complaints or lawsuits for damages, in Canada, the United States or other jurisdictions, or could otherwise have a negative impact on our business, financial condition, results of operations, reputation and credibility.

Risks Related to Financial Position and Need for Additional Capital

We expect to continue to have negative cash flow and we may never achieve or maintain profitability.

We had negative operating cash flow for multiple years including the financial year ended December 31, 2020. To the extent that we have negative operating cash flow in future periods, we will likely need to allocate a portion of our cash reserves to fund such negative cash flow. We may also be required to raise additional funds through the issuance of equity or debt securities. There can be no assurance that we will be able to generate a positive cash flow from our operations, that additional capital or other types of financing will be available when needed or that these financings will be on terms favorable or acceptable to us.

We have incurred losses and anticipate that our losses will increase as we continue to expand and develop our business and commercialize LUPKYNIS. As of December 31, 2020, we had an accumulated deficit of $575.2 million. Although we received FDA approval and commenced commercialization of LUPKYNIS in the United States in January 2021, we may continue to incur losses and there can be no assurance that we will be able to generate sufficient product revenue to become profitable at all or on a sustained basis.

Our operating results may fluctuate significantly, which makes our future operating results difficult to predict and could cause our operating results to fall below expectations or cause any guidance we may provide to be inaccurate.

Our operating results are difficult to predict and will likely fluctuate from quarter to quarter and year to year. Due to the recent FDA approval of LUPKYNIS and the absence of historical sales data, our revenue from product sales will be difficult to predict. We also expect to have quarter-to-quarter fluctuations in expenses, some of which could be significant, due to research, development, clinical trial activities, regulatory activities, and commercialization activities.

The cumulative effects of these factors could result in large fluctuations and unpredictability in our quarterly and annual operating results. Therefore, comparing our operating results on a period to period basis may not be meaningful. Our past results will not be a reliable indication of our future performance. This variability and unpredictability could also result in our failing to meet the expectations of industry or financial analysts or investors for any period. If our revenue or operating results fall below the expectations of analysts or investors, or below any forecast we may provide to the market, or if the forecasts we provide to the market are below the expectations of analysts and investors, the price of our common shares could decline significantly. Such decline could occur even when we meet any previously publicly stated revenue or earnings guidance we may provide.

Legislative actions, potential new accounting pronouncements, and higher insurance costs are likely to impact our future financial position or results of operations.

Future changes in financial accounting standards may cause adverse, unexpected revenue fluctuations and affect our financial position or results of operations. New pronouncements and varying interpretations of pronouncements have occurred with greater frequency and are expected to occur in the future. Compliance with changing regulations of corporate governance and public disclosure may result in additional expenses. All these uncertainties are leading generally toward increasing insurance costs, which may harm our business, results of operations, and our ability to purchase any such insurance, at acceptable rates or at all, in the future.

We are exposed to credit risks and market risks related to changes in interest rates and foreign currency exchange, each of which could affect the value of our current assets and liabilities.

We invest our cash reserves in U.S. dollar denominated, fixed rate, highly liquid and highly rated financial instruments such as treasury notes, banker acceptances, bank bonds, and term deposits. We do not believe that the results of operations or cash flows would be affected to any significant degree by a sudden change in market interest rates relative to our investment portfolio, due to the short-term nature of the investments and our current ability to hold these investments to maturity.

We are exposed to financial risk related to the fluctuation of foreign currency exchange rates which could harm our future operating results or cash flows. Foreign currency risk is the risk that variations in exchange rates between the United States dollar and foreign currencies, primarily with the Canadian dollar, will affect our operating and financial results. We hold the majority of our cash reserves in U.S. dollars and the majority of our expenses, including clinical trial costs are also denominated in U.S. dollars, which mitigates the risk of material foreign exchange fluctuations.

We may not realize the anticipated benefits of acquisitions or product licenses and integration of these acquisitions and any products acquired or licensed may disrupt our business and management.

As part of our business strategy, we may acquire additional companies, products or technologies principally related to, or complementary to, our current operations. At any given time, we may be evaluating new acquisitions of companies, products or technologies or may be exploring new licensing opportunities, and may have entered into confidentiality agreements, non-binding letters of intent or may be in the process of conducting due diligence with respect to such opportunities. Any such acquisitions will be accompanied by certain risks including, but not limited to:

a. exposure to unknown liabilities of acquired companies and the unknown issues with any associated technologies or research;
b. higher than anticipated acquisition costs and expenses;
c. the difficulty and expense of integrating operations, systems, and personnel of acquired companies;
d. disruption of our ongoing business;
e. inability to retain key customers, distributors, vendors and other business partners of the acquired company;
f. diversion of management's time and attention; and
g. possible dilution to shareholders.

We may not be able to successfully overcome these risks and other problems associated with acquisitions and this may harm our business, financial condition, or results of operations.

We are exposed to risks relating to the write-down of intangible assets, which comprises a significant portion of our total assets.

A significant amount of our total assets relates to our intellectual property. As of December 31, 2020, the carrying value of our intangible assets was approximately $9.3 million. In accordance with U.S. GAAP, we are required to review the carrying value of our intangible assets for impairment periodically or when certain triggers occur. Such impairment will result in a write-down

of the intangible asset and the write-down is charged to income during the period in which the impairment occurs. The write-down of any intangible assets could harm our business, financial condition, and results of operations.

Our limited operating history may make it difficult for you to evaluate the success of our business to date and to assess our future viability.

Our activities to date have been limited to, among other things, organizing and staffing our company, business planning, raising capital, developing LUPKYNIS, undertaking nonclinical studies, and conducting clinical trials. We have not yet demonstrated our ability to manufacture a product at commercial scale or conduct sales, marketing, and distribution activities necessary for successful product commercialization. Consequently, any predictions you make about our future success or viability may not be as reliable as they could be if we had a longer and more established operating history.

In addition, we may encounter unforeseen expenses, difficulties, complications, delays, and other known and unknown factors. We may need to expand our capabilities to support future activities related to the commercialization of LUPKYNIS. We may be unsuccessful in adding such capabilities.

We may require additional financing to achieve our goals, and failure to obtain such when required could force us to delay, reduce or terminate our commercialization efforts.

We may require additional capital resources to expand and develop our business. Advancing LUPKYNIS inside and outside the United States, marketing for LUPKYNIS, or acquisition and development of any new products will require considerable resources and additional access to capital markets. In addition, our future cash requirements may vary materially from those now expected. Our future capital requirements may increase if for example:

a. we experience unexpected or increased costs relating to preparing, filing, prosecuting, maintaining, defending and enforcing patent claims, or other lawsuits, brought by either us or our competition;
b. we elect to develop, acquire or license new technologies, products or businesses; or
c. we are required to perform additional pre-clinical studies and clinical trials.

We could potentially seek additional funding through corporate collaborations and licensing arrangements or through public or private equity or debt financing. However, if capital market conditions in general, or with respect to life sciences companies such as ours, are unfavorable, our ability to obtain significant additional funding on acceptable terms, if at all, will be negatively affected. Additional financing that we may pursue may involve the sale of Common Shares which could result in significant dilution to our shareholders. If sufficient capital is not available, we may be required to delay our research and development projects, halt commercialization, relinquish rights to our technologies or products on terms unfavorable to us, which could harm our business, financial condition, prospects or results of operations.

Anticipated revenues may not be derived from licensing activities.

Our future performance may be impacted by our ability to generate royalty or other revenues from licenses (such as the license granted to Otsuka) and the successful commercialization of LUPKYNIS. We anticipate that our revenues in the future may be derived from products licensed to pharmaceutical and biotechnology companies. Accordingly, these revenues will depend, in large part, upon the success of these companies, and our operating results may fluctuate substantially due to reductions and delays in their research, development, and marketing expenditures. These reductions and delays may result from factors that are not within our control, including:

a. changes in economic conditions;
b. changes in the regulatory environment, including governmental pricing controls affecting health care and health care providers;
c. pricing pressures; and
d. other factors affecting research and development spending.

The failure of Otsuka or future licensing partners could harm our business or results of operations and the global reputation of LUPKYNIS.

Our portfolio of marketable securities is subject to market, interest and credit risk that may reduce its value.

We maintain a portfolio of marketable securities for investment of our cash. Changes in the value of our portfolio of marketable securities could adversely affect our earnings. In particular, the value of our investments may decline due to increases in interest rates, downgrades of the bonds and other securities included in our portfolio, instability in the global financial markets that reduces the liquidity of securities included in our portfolio, declines in the value of collateral underlying the securities included

in our portfolio and other factors. Each of these events may cause us to record charges to reduce the carrying value of our investment portfolio or sell investments for less than our acquisition cost. Although we attempt to mitigate these risks through diversification of our investments and continuous monitoring of our portfolio's overall risk profile, the value of our investments may nevertheless decline.

Risks Related to Drug Development and Regulatory Approval

Enrollment and retention of patients in clinical trials is an expensive and time-consuming process and could be made more difficult or rendered impossible by multiple factors outside of our control.

We may encounter delays in enrolling, or be unable to enroll, a sufficient number of patients to complete any of our clinical trials, and even once enrolled we may be unable to retain a sufficient number of patients to complete any of our clinical trials. Patient enrollment and retention in clinical trials depends on many factors, including the size of the patient population, the nature of the trial protocol, the existing body of safety and efficacy data with respect to the studied product, the number and nature of competing treatments and ongoing clinical trials of competing products for the same indication, the proximity of patients to clinical sites and the eligibility criteria for the clinical trial. Furthermore, any negative results we may report in clinical trials of our product may make it difficult or impossible to recruit and retain patients in other clinical trials of the same product. Delays or failures in planned patient enrollment and/or retention may result in increased costs, program delays or both, which could make us subject to regulatory penalties or fines due to non-fulfillment of our post-marketing requirements and post-marketing commitments with the FDA.

We may not be successful in our efforts to build out a pipeline of product candidates.

We may not be able to continue to identify or develop new products. Even if we are successful in building our pipeline, the potential product candidates that we identify may not be suitable for clinical development. If we do not successfully identify, develop, and commercialize new products based upon our approach, we will not be able to diversify our portfolio which could result in harm to our financial position and impact the trading price of our Common Shares.

***Even though the FDA has approved* LUPKYNIS*, we will be subject to ongoing obligations and continued regulatory review, which may result in significant additional expense. Additionally,* LUPKYNIS *could be subject to restrictions and market withdrawal and we may be subject to penalties if we fail to comply with regulatory requirements or experience unanticipated problems with* LUPKYNIS.**

The FDA and other agencies, including the U.S. Department of Justice (DOJ) closely regulate and monitor the post-approval marketing and promotion of products to ensure that they are marketed and distributed only for the approved indications and in accordance with the provisions of the approved labeling. The FDA and DOJ impose stringent restrictions on manufacturers' communications regarding off-label use. If we market LUPKYNIS in a manner inconsistent with our approved labeling and indication, we may be subject to enforcement action for off-label marketing. Violations of the federal FDCA and other statutes, including the *False Claims Act* (FCA), relating to the promotion and advertising of prescription drugs may lead to investigations and enforcement actions alleging violations of federal and state health care fraud and abuse laws, as well as state consumer protection laws, which violations may result in the imposition of significant administrative, civil and criminal penalties.

The manufacturing processes, labeling, packaging, distribution, adverse event reporting, storage, advertising, promotion, and recordkeeping for LUPKYNIS will be subject to extensive and ongoing regulatory requirements. These requirements include submissions of safety and other post-marketing information and reports, registration, as well as continued compliance with GMP and GCP for clinical trials that we conduct post-approval.

Discovery of previously unknown problems with a product, including adverse events of unanticipated severity or frequency, or with our third-party manufacturers or manufacturing processes, or failure to comply with regulatory requirements, may result in, among other things:

- restrictions on the marketing or manufacturing of our product, withdrawal of the product from the market, or voluntary or mandatory product recalls;
- fines, warning letters or holds on clinical trials;
- product seizure or detention, or refusal to permit the import or export of products; and
- injunctions or the imposition of civil or criminal penalties.

There can be no assurance that we will be able to adapt to changes in existing requirements, adopt new requirements or policies, or maintain regulatory compliance. If we fail to maintain compliance, we may lose marketing approval, which would harm our business, prospects, and ability to achieve or sustain profitability.

LUPKYNIS ***may have undesirable side effects which may require it to be taken off the market, include additional safety warnings or otherwise limit sales.***

LUPKYNIS has undergone safety testing, however, not all adverse effects can be predicted or anticipated. Unforeseen side effects from LUPKYNIS could arise after the approved product has been marketed. Ongoing or future trials of our product may not support the conclusion that LUPKYNIS has an acceptable safety profile or the FDA may disagree with our or clinical trials investigators' interpretation of data from clinical trials or post marketing surveillance in determining if adverse or unacceptable side effects are related to LUPKYNIS. There can be no assurance that discovery of previously unknown adverse events or other problems with LUPKYNIS, manufacturers or manufacturing processes, or failure to comply with regulatory requirements, will not occur at any time during commercial and future use of LUPKYNIS. Furthermore, there can be no assurance that disease resistance or other unforeseen factors will not limit the effectiveness of LUPKYNIS. During our clinical trials we noted the following adverse effects using LUPKYNIS. The most common adverse reactions to LUPKYNIS demonstrated in our Pahse 3 AURORA study were glomerular filtration rate decrease, hypertension, diarrhea, headache, anemia, cough, urinary tract infection, abdominal pain upper, dyspepsia, alopecia, renal impairment, abdominal pain, mouth ulceration, fatigue, tremor, acute kidney injury, and decreased appetite. Any adverse discoveries may yield various results, including:

a. regulatory authorities may require us to take LUPKYNIS off the market;
b. regulatory authorities may require the addition of labeling statements, specific warnings, a contraindication or field alerts to physicians and pharmacies;
c. we may be required to change the way LUPKYNIS is administered, impose other risk-management measures, conduct additional clinical trials or change the labeling of LUPKYNIS;
d. we may be subject to limitations on how we may promote LUPKYNIS;
e. sales of LUPKYNIS may decrease significantly;
f. refusal to approve pending applications or supplements to approve application that we submit;
g. recall of products;
h. refusal to permit the import or export of LUPKYNIS; and
i. we may be subject to litigation or product liability claims.

Any of these events could prevent us, our collaborators (including Otsuka) or our potential future partners from achieving or maintaining market acceptance of LUPKYNIS or could substantially increase commercialization costs and expenses, which in turn could delay or prevent us from generating significant revenue from the sale of LUPKYNIS. It would harm our business, reputation, prospects and ability to achieve or sustain profitability.

We or our partners (including Otsuka) may never obtain approval or commercialize LUPKYNIS ***outside of the United States, which would limit our ability to realize their full market potential.***

To market any products outside of the United States, we and Otsuka or other potential future partners must establish and comply with numerous and varying regulatory requirements of other countries regarding safety and efficacy. Clinical trials conducted in one country may not be accepted by regulatory authorities in other countries, and regulatory approval in one country does not mean that regulatory approval will be obtained in any other country. Approval procedures vary among countries and may require additional pre-clinical studies, clinical trials, or additional administrative review periods, which could result in significant delays, difficulties, and costs for us.

In addition, our failure to obtain regulatory approval in any country may delay or have negative effects on the process for regulatory approval in other countries. If regulatory approval is obtained it may not be as broad as what was obtained in other jurisdictions. We do not have experience in obtaining regulatory approval in international markets. If we or our current or future partners fail to comply with regulatory requirements in international markets or to obtain and maintain required approvals, our target market will be reduced and our ability to realize the full market potential of LUPKYNIS could be harmed.

If product liability lawsuits are brought against us, we may incur substantial liabilities and we may be required to limit commercialization of **LUPKYNIS.**

We face an inherent risk of product liability exposure related to the testing of product candidates in human clinical trials, and an even greater risk in connection with our commercialization of LUPKYNIS. If we cannot successfully defend ourselves against claims that LUPKYNIS causes injuries, then we could incur substantial liabilities. Regardless of merit of eventual outcome, liability claims may result in:

a. decreased demand for LUPKYNIS;
b. injury to our reputation and significant negative media attention;
c. withdrawal of clinical trial participants;
d. significant costs to defend the related litigation;
e. substantial monetary awards to trial participants or patients;
f. loss of revenue; and
g. the inability to commercialize any approved product.

Although we maintain product liability insurance coverage, it may not be adequate to cover all liabilities that we may incur. The obligation to pay any product liability claim in excess of whatever insurance we can acquire, or the recall of LUPKYNIS, could harm our business, financial condition, and future prospects.

Compliance with ongoing post-marketing obligations for* LUPKYNIS *may uncover new safety information that could give rise to a product recall, updated warnings, or other regulatory actions that could have an adverse impact on our business.

After the FDA approves a drug or biologic for marketing, the product's sponsor must comply with several post-marketing obligations that continue until the product is discontinued. These post-marketing obligations include the reporting of adverse events to the agency within specified timeframes, the submission of product-specific annual reports that include changes in the distribution, manufacturing, and labeling information, and notification when a drug product is found to have significant deviations from its approved manufacturing specifications (among others). Our ongoing compliance with these types of mandatory reporting requirements could result in additional requests for information from the FDA and, depending on the scope of a potential product issue that the FDA may decide to pursue, could potentially also result in a request from the agency to conduct a product recall or to strengthen warnings and/or revise other label information about the product. FDA may also require or request the withdrawal of the product from the market. Any of these post-marketing regulatory actions could materially affect our sales and, therefore, have the potential to adversely affect our business, financial condition, results of operations and cash flows.

Risks Related to Our Reliance on Third Parties and Partners

We are dependent on international third-party licensees for the development and commercialization of* LUPKYNIS *in several countries outside the United States. The failure of these licensees to meet their contractual, regulatory, or other obligations could adversely affect our business.

We have entered into an exclusive license agreement with Otsuka that provides the licensee exclusive rights to the development and commercialization of LUPKYNIS in various specified regions outside of the United States. As a result, we are entirely dependent on this third party to achieve regulatory approval of LUPKYNIS for marketing in these regions and for the commercialization of LUPKYNIS, if approved. The timing and amount of any milestone and royalty payments we may receive under this agreement, as well as the commercial success of LUPKYNIS in those regions outside of the United States, will depend on, among other things, the efforts, allocation of resources, and successful commercialization of LUPKYNIS by the licensee. We also depend on this third party to comply with all applicable laws relative to the development and commercialization of LUPKYNIS in those countries. We do not control the individual efforts of this licensee and have limited ability to terminate this agreement if the licensee does not perform as anticipated. The failure of the licensee to devote sufficient time and effort to the development and commercialization of LUPKYNIS, or the failure of this licensee to meet their obligations to us, including for future royalty and milestone payments; to adequately deploy business continuity plans in the event of a crisis; and/or satisfactorily resolve significant disagreements with us or address other factors, could harm our financial results and operations.

If this third party violates, or is alleged to have violated, any laws or regulations during the performance of their obligations for us, it is possible that we could suffer financial and reputational harm, or other negative outcomes, including possible legal consequences. Any termination, breach, or expiration of any of this license agreement could have a material adverse effect on our financial position by reducing or eliminating the potential for us to receive milestone payments and royalties. In such an event, we may be required to devote additional efforts and to incur additional costs associated with pursuing regulatory approval and commercialization of LUPKYNIS. Alternatively, we may attempt to identify and transact with a new licensee, but there can be no assurance that we would be able to identify a suitable licensee or transact at all, or on terms that are favorable to us.

In addition, license, research, and development agreements with third parties include indemnification and obligation provisions that are customary in the industry. These guarantees generally require us to compensate the other party for certain damages and costs incurred because of third-party claims or damages arising from these transactions. These provisions may survive

termination of the underlying agreement. The nature of the potential obligations prevents us from making a reasonable estimate of the maximum potential amount we could be required to pay.

We rely on third parties to conduct our clinical trials. If these third parties do not successfully carry out their contractual duties in compliance with regulations or meet expected deadlines, we might be subject to regulatory penalties or fines due to non-compliance with our post-marketing approval requirements.

We depend upon independent investigators and collaborators, such as contract research organizations or CROs, universities and medical institutions, to conduct clinical trials under agreements with us. These collaborators are not our employees and we cannot control the amount or timing of resources that they devote to our programs. Nevertheless, we are responsible for ensuring that each of our clinical trials is conducted in accordance with regulatory requirements, including GCP requirements, and the applicable protocol. If we, or any of our CROs or third party contractors, fail to comply with applicable GCPs, the clinical data generated in our clinical trials may be deemed unreliable and the FDA or comparable foreign regulatory authorities may require us to perform additional clinical trials. We cannot assure you that upon inspection by a given regulatory authority, such regulatory authority will determine that any of our clinical trials comply with GCP regulations. In addition, our clinical trials must be conducted with product produced under current GMP regulations. Our failure to comply with these regulations may require us to repeat clinical trials or make us subject to fines or regulatory penalties.

We have limited experience in drug formulation or manufacturing and rely exclusively on third parties to formulate and manufacture* LUPKYNIS*, and any disruption or loss of these relationships could delay our development and commercialization efforts.

We have no experience in drug formulation or manufacturing and do not intend to establish our own manufacturing facilities. For example, we are using the following third parties for manufacturing, encapsulation, and packaging:

- Lonza is currently the sole source manufacturer of voclosporin (API); and
- Catalent is solely providing services with respect to encapsulating LUPKYNIS for our commercial and clinical supply, clinical labeling and global distribution for clinical trial purposes.

If we are unable to continue our relationships with one or more of our third-party contractors, we could experience delays in commercialization and development efforts as we locate and qualify new manufacturers. Our reliance on a limited number of third-party manufacturers exposes us to the following risks:

- We may be unable to identify manufacturers on acceptable terms or at all because the number of potential manufacturers is limited, and the FDA must approve any replacement manufacturer. This approval could require new testing and compliance inspections. In addition, a new manufacturer would have to be educated in, or develop substantially equivalent processes for, production of LUPKYNIS after receipt of FDA approval.
- Our third-party manufacturers might be unable to formulate and manufacture LUPKYNIS in the volume and of the quality required to meet our clinical and/or commercial needs.
- Our contract manufacturers may not perform as agreed or may not remain in the contract manufacturing business for the time required to supply our clinical trials or to successfully produce, store, and distribute LUPKYNIS for commercialization, as applicable.
- The facilities used by our contract manufacturers to manufacture LUPKYNIS must be approved by the FDA.
- If any third-party manufacturer makes improvements in the manufacturing process for LUPKYNIS, we may not own, or may have to share, the intellectual property rights to the innovation. Each of these risks could delay the commercialization of LUPKYNIS, or result in higher costs or deprive us of potential product revenue.

Any disruption or loss of these relationships could delay our development and commercialization efforts and our business could be harmed.

We rely on third parties for the supply and manufacture of* LUPKYNIS*, which can be unpredictable in terms of quality, cost, timing, and availability. If we encounter any such difficulties, our ability to supply* LUPKYNIS *for commercial sale could be delayed or halted entirely.

Manufacturers of pharmaceutical products often encounter difficulties in production, especially in scaling up initial production. These problems include difficulties with production costs and yields, stability, quality control and assurance, and shortages of qualified personnel, as well as compliance with strictly enforced federal, provincial, state, and foreign regulations. We rely on a limited number of third parties to manufacture and supply raw materials for LUPKYNIS. The third parties we choose to manufacture and supply raw materials for LUPKYNIS are not under our control and may not perform as agreed or may terminate their agreements with us, and we may not be able to find other third parties to manufacture and supply raw materials

on commercially reasonable terms, or at all. If any of these events were to occur, our operating results and financial condition would be adversely affected.

In addition, drug and chemical manufacturers are subject to GMP regulations and various regulatory inspections, including those conducted by the FDA, to ensure strict compliance with GMP and other government regulations. While we are obligated to audit the performance of our third-party contractors, we do not have complete control over their compliance. We could be adversely impacted if our third-party manufacturers or distributors do not comply with these standards and regulations. For non-compliance, the regulatory authority may levy penalties and sanctions, including fines, injunctions, civil penalties, failure of the government to grant review of submissions or market approval of products, or cause delays, suspension or withdrawal of approvals, product seizures or recalls, operating restrictions, facility closures and criminal prosecutions. Any of this will have an impact on our business, financial condition, and results of operations.

The process of manufacturing LUPKYNIS is extremely susceptible to product loss due to a variety of factors, including but not limited to contamination, equipment failure or improper installation or operation of equipment, vendor or operator error, contamination and inconsistency in yields, variability in product characteristics, and difficulties in scaling the production process. Even minor deviations from manufacturing processes could result in reduced production yields, product defects and other supply disruptions. If microbial, viral or other contaminations are discovered in our product or in the manufacturing facilities in which our product are made, such manufacturing facilities may need to be closed for an extended period of time to investigate and remedy the contamination. Any adverse developments affecting manufacturing operations for our product may result in shipment delays, inventory shortages, lot failures, product withdrawals or recalls, or other interruptions in the supply of our products. We may also have to take inventory write-offs and incur other charges and expenses for products that fail to meet specifications, undertake costly remediation efforts, or seek more costly manufacturing alternatives.

If our third-party manufacturers are unable to produce the required commercial quantities of LUPKYNIS to meet demand on a timely basis or at all, or if they fail to comply with applicable laws for the manufacturing, we will suffer damage to our reputation and commercial prospects and we will lose potential revenue.

If we are unable to establish and maintain our agreements with third parties to sell and distribute LUPKYNIS to patients, our results of operations and business could be adversely affected.

We rely on third parties to commercially sell and distribute LUPKYNIS to patients. For example, we have contracted with a limited number of specialty pharmacies and specialty distributors to sell and distribute LUPKYNIS. The use of specialty pharmacies and specialty distributors involves certain risks, including, but not limited to, risks that these organizations will:

- not provide us accurate or timely information regarding their inventories, the number of patients who are using LUPKYNISor serious adverse reactions, events and/or product complaints regarding LUPKYNIS;
- not effectively sell or support LUPKYNIS or communicate publicly concerning LUPKYNIS in a manner that is contrary to FDA rules and regulations;
- reduce their efforts or discontinue to sell or support or otherwise not effectively sell or support LUPKYNIS;
- not devote the resources necessary to sell LUPKYNIS in the volumes and within the time frames that we expect;
- be unable to satisfy financial obligations to us or others; or
- cease operations.

Any such events may result in decreased product sales and lower product revenue, which would harm our results of operations and business.

We are also required to comply with good distribution practices such as maintenance of storage and shipping conditions, as well as security of products, in order to ensure product quality determined by GMP is maintained throughout the distribution network. While we are obligated to audit the performance of our third-party contractors, we do not have complete control over their compliance. We could be harmed if our third-party distributors do not comply with these standards and regulations.

Risks Related to Government Regulation

Our relationships with customers, healthcare providers, and third-party payors are subject to applicable anti-kickback, fraud and abuse and other healthcare laws and regulations, which could expose us to criminal sanctions, civil penalties, exclusion from government healthcare programs, contractual damages, reputational harm and diminished profits on future earnings.

We are subject to additional healthcare statutory and regulatory requirements and enforcement by the federal government and the states and foreign governments in which we conduct our business. Healthcare providers, physicians and third-party payors play a primary role in the recommendation and prescription of any of LUPKYNIS. Our future arrangements with third-party

payors and customers will expose us to broadly applicable fraud and abuse and other healthcare laws and regulations that may constrain the business or financial arrangements and relationships through which we market, sell, and distribute LUPKYNIS. Restrictions under applicable federal and state healthcare laws and regulations include, but are not limited to, the following:

- the U.S. federal Anti-Kickback Statute which prohibits, among other things, persons from knowingly and willfully soliciting, offering, receiving or providing remuneration, directly or indirectly, overtly or covertly, in cash or in kind, to induce or reward either the referral of an individual for, or the purchase, order or recommendation of, any good or service, for which payment may be made under federal and state healthcare programs such as Medicare and Medicaid. A person or entity does not need to have actual knowledge of the statute or specific intent to violate it in order to have committed a violation;
- the FCA imposes civil penalties, including through civil whistleblower or qui tam actions, against individuals or entities for, among other things, knowingly presenting, or causing to be presented, to the federal government, claims for payment that are false or fraudulent or making a false statement to avoid, decrease or conceal an obligation to pay money to the federal government. In addition, the government may assert that a claim including items and services resulting from a violation of the U.S. federal Anti-Kickback Statute constitutes a false or fraudulent claim for purposes of the FCA. We can be held liable under the FCA even when we do not submit claims directly to government payors if we are deemed to "cause" the submission of false or fraudulent claims;
- the U.S. federal *Health Insurance Portability and Accountability Act of 1996*, or HIPAA, imposes criminal and civil liability for executing a scheme to defraud any healthcare benefit program regardless of the payor (e.g., public or private), or knowingly and willfully falsifying, concealing or covering up a material fact or making any materially false statement in connection with the delivery of or payment for healthcare benefits, items or services; similar to the federal Anti-Kickback Statute, a person or entity does not need to have actual knowledge of the statute or specific intent to violate it in order to have committed a violation;
- the U.S. federal physician payment transparency requirements, sometimes referred to as the "Sunshine Act" under the ACA require manufacturers of drugs, devices, biologics and medical supplies that are reimbursable under Medicare, Medicaid, or the Children's Health Insurance Program to report to the Department of Health and Human Services information related to covered health care provider payments and other transfers of value and the ownership and investment interests of such healthcare providers (as defined by the statute) and their immediate family members.
- HIPAA, as amended by the *Health Information Technology for Economic and Clinical Health Act of 2009*, or HITECH, and its implementing regulations, which also imposes obligations on certain covered entity healthcare providers, health plans, and healthcare clearinghouses as well as their business associates that perform certain services involving the use or disclosure of individually identifiable health information, including mandatory contractual terms, with respect to safeguarding the privacy, security and transmission of individually identifiable health information. HITECH also created new tiers of civil monetary penalties, amended HIPAA to make civil and criminal penalties directly applicable to business associates, and gave state attorneys general new authority to file civil actions for damages or injunctions in federal courts to enforce the federal HIPAA laws and seek attorneys' fees and costs associated with pursuing federal civil actions;
- the federal false statements statute, which prohibits knowingly and willfully falsifying, concealing, or covering up a material fact or making any materially false statement in connection with the delivery of or payment for healthcare benefits, items, or services (similar to the U.S. federal Anti-Kickback Statute, a person or entity does not need to have actual knowledge of the statute or specific intent to violate it in order to have committed a violation);
- consumer protection and unfair competition laws, which broadly regulate marketplace activities and activities that potentially harm consumers;
- the U.S. federal Civil Monetary Penalties law, which prohibits, among other things, offering or transferring remuneration to a federal healthcare beneficiary that a person knows or should know is likely to influence the beneficiary's decision to order or receive items or services reimbursable by the government from a particular provider or supplier; and
- analogous state laws and regulations, such as state anti-kickback and false claims laws that may apply to sales or marketing arrangements and claims involving healthcare items or services reimbursed by nongovernmental third-party payors, including private insurers; and some state laws require pharmaceutical companies to comply with the pharmaceutical industry's voluntary compliance guidelines and the relevant compliance guidance promulgated by the federal government in addition to requiring drug manufacturers to report information related to payments to physicians and other healthcare providers or marketing expenditures, and state laws governing the privacy and security of health information in certain circumstances, many of which differ from each other in significant ways and often are not pre-empted by HIPAA, thus complicating compliance efforts.

In the United States, to help patients who have no or inadequate insurance access to LUPKYNIS, we have a patient support program that we administer in conjunction with our patient support program vendor. If we or our vendors are deemed to fail to comply with relevant laws, regulations, or evolving government guidance in the operation of these programs, we could be subject to damages, fines, penalties or other criminal, civil or administrative sanctions or enforcement actions. We cannot

ensure that our compliance controls, policies, and procedures will be sufficient to protect against acts of our employees, business partners, or vendors that may violate the laws or regulations of the jurisdictions in which we operate.

Regardless of whether we have complied with the law, a government investigation could impact our business practices, harm our reputation, divert the attention of management, increase our expenses, and reduce the availability of assistance to our patients. Ensuring that our future business arrangements with third parties comply with applicable healthcare laws and regulations will involve substantial costs. It is possible that governmental authorities will conclude that our business practices do not comply with current or future statutes, regulations or case law involving applicable fraud and abuse or other healthcare laws and regulations.

If our operations, including anticipated activities to be conducted by our sales team, were to be found to be in violation of any of these laws or any other governmental regulations that may apply to us, we may be subject to significant civil, criminal and administrative penalties, damages, fines, exclusion from government funded healthcare programs, such as Medicare and Medicaid, and the curtailment or restructuring of our operations. If any of the physicians or other providers or entities with whom we expect to do business is found to be not in compliance with applicable laws, they may be subject to criminal, civil or administrative sanctions, including exclusions from government funded healthcare programs.

Enhanced governmental and private scrutiny over, or investigations or litigation involving, pharmaceutical manufacturer donations to patient assistance programs offered by charitable foundations may require us to modify our patient support programs and could negatively impact our business practices, harm our reputation, divert the attention of management and increase our expenses.

To help patients afford LUPKYNIS, we have implemented a patient support program. These types of programs, designed to assist patients in affording pharmaceuticals, have become the subject of scrutiny. In recent years, some pharmaceutical manufacturers were named in class action lawsuits challenging the legality of their patient support programs and their support of independent charitable patient support foundations in connection with such programs under a variety of federal and state laws. Our patient support program could become the target of similar litigation. In addition, certain state and federal enforcement authorities and members of Congress have initiated inquiries about co-pay assistance programs. Some state legislatures have also been considering proposals that would restrict or ban co-pay coupons. In addition, there has been regulatory review and enhanced government scrutiny of donations by pharmaceutical manufacturers to patient assistance programs operated by charitable foundations. For example, the Office of Inspector General of the U.S. Department of Health & Human Services, or OIG, has established specific guidelines permitting pharmaceutical manufacturers to make donations to charitable organizations which provide co-pay assistance to Medicare patients, provided that such organizations are bona fide charities, are entirely independent of and not in any way controlled or influenced by the manufacturer, provide aid to applicants on a first-come basis according to consistent financial criteria, and do not link aid to use of a donor's product. If we establish a program to donate to independent charitable patient support foundations and our vendors or donation recipients are deemed to fail to comply with laws or regulations in the operation of these programs, we could be subject to damages, fines, penalties or other criminal, civil or administrative sanctions or enforcement actions. Further, numerous organizations, including pharmaceutical manufacturers, have received subpoenas from the U.S. Department of Justice, or DOJ, and other enforcement authorities seeking information related to their patient assistance programs and support, and certain of these organizations have entered into, or have otherwise agreed to, significant civil settlements with applicable enforcement authorities. In connection with these civil settlements, the U.S. government has and may in the future require the affected companies to enter into complex corporate integrity agreements that impose significant reporting and other requirements on those companies. We cannot ensure that our compliance controls, policies and procedures will be sufficient to protect against acts of our employees, business partners or vendors that may potentially violate the laws or regulations of the jurisdictions in which we operate. Regardless of whether we have complied with the law, a government investigation could negatively impact our business practices, harm our reputation, divert the attention of management and increase our expenses.

The failure to comply with anti-bribery, anti-corruption, and anti-money laundering laws, including the FCPA and similar laws associated with our activities outside of the United States, could subject us to penalties and other adverse consequences.

We are subject to the FCPA regulations of the U.S. Office of Foreign Assets Control, and other anti-corruption, anti-bribery and anti-money laundering laws around the world where we conduct activities, including, if approved in such countries, the sale of LUPKYNIS. We face significant risks and liability if we fail to comply with the FCPA and other anti-corruption and anti-bribery laws that prohibit companies and their employees and third-party business partners, such as distributors or resellers, from authorizing, offering or providing, directly or indirectly, improper payments or benefits to foreign government officials, political parties or candidates, employees of public international organizations including healthcare professionals, or private-sector recipients for the corrupt purpose of obtaining or retaining business, directing business to any person, or securing any advantage.

We rely on various third parties for certain services outside the United States, including continued development of LUPKYNIS and the commercialization of LUPKYNIS. We may be held liable for the corrupt or other illegal activities of these third parties and intermediaries, our employees, representatives, contractors, partners, and agents, even if we do not explicitly authorize such activities. Any violation of the FCPA, other applicable anti-bribery, anti-corruption laws, and anti-money laundering laws could result in whistleblower, adverse media coverage, investigations, loss of export privileges, severe criminal or civil sanctions and, in the case of the FCPA, suspension or debarment from U.S. government contracts, which could harm our reputation, business, operating results and prospects. In addition, responding to any enforcement action or related investigation may result in a diversion of management's attention and resources and significant defense costs and other professional fees.

Compliance with governmental regulation and other legal obligations related to privacy, data protection and information security could result in additional costs and liabilities to us or inhibit our ability to collect and process data, and the failure to comply with such requirements could have a material adverse effect on our business, financial condition or results of operations.

Privacy and data security have become significant issues in the United States, Europe, and in many other jurisdictions where we or our licensing partners may in the future conduct our operations. As we receive, collect, process, use and store personal and confidential data, we are subject to diverse laws and regulations relating to data privacy and security. Compliance with these privacy laws, data breach notification laws, and data security requirements is rigorous and time-intensive and may increase our cost of doing business, and despite those efforts, there is a risk that we may be subject to fines and penalties, litigation and reputational harm, which could materially and adversely affect our business, financial condition and results of operations.

In addition, the regulatory framework for the receipt, collection, processing, use, safeguarding, sharing and transfer of personal and confidential data is rapidly evolving and is likely to remain uncertain for the foreseeable future as new global privacy rules are being enacted and existing ones are being updated and strengthened.

Risks Related to Human Capital and Managing Growth

Our employees, principal investigators, CROs and consultants may engage in misconduct or other improper activities, including non-compliance with regulatory standards and requirements and insider trading.

We are exposed to the risk that our employees, principal investigators, CROs and consultants may engage in fraudulent conduct or other illegal activity. Misconduct by these parties could include intentional, reckless and/or negligent conduct or disclosure of unauthorized activities to us that violate the regulations of the FDA and other regulatory authorities, including those laws requiring the reporting of true, complete and accurate information to such authorities; healthcare fraud and abuse laws and regulations in the United States and abroad; or laws that require the reporting of financial information or data accurately.

In particular, sales, marketing, and business arrangements in the healthcare industry are subject to extensive laws and regulations intended to prevent fraud, misconduct, kickbacks, self-dealing and other abusive practices. These laws and regulations may restrict or prohibit a wide range of pricing, discounting, marketing and promotion, sales commissions, customer incentive programs and other business arrangements. Activities subject to these laws also involve the improper use of information obtained in the course of clinical trials or creating fraudulent data in our pre-clinical studies or clinical trials, which could result in regulatory sanctions and cause harm to our reputation. We have adopted a code of conduct applicable to all of our employees, but it is not always possible to identify and deter misconduct by employees and other third parties, and the precautions we take to detect and prevent this activity may not be effective in controlling unknown or unmanaged risks or losses or in protecting us from governmental investigations or other actions or lawsuits stemming from a failure to comply with these laws or regulations.

In addition, we are subject to the risk that a person could allege such fraud or other misconduct, even if none occurred. If any such actions are instituted against us, and we are not successful in defending ourselves or asserting our rights, those actions could have a significant impact on our business, including the imposition of civil, criminal and administrative penalties, damages, monetary fines, possible exclusion from participation in Medicare, Medicaid and other federal healthcare programs, contractual damages, reputational harm, diminished profits and future earnings, and curtailment of our operations, any of which could harm our ability to operate our business and our results of operations.

We are dependent upon key personnel to achieve our business objectives.

Our ability to retain key personnel and attract other qualified individuals is critical to our success. As a technology-driven company, intellectual input from key management and personnel is critical to achieve our business objectives. The loss of the services of key individuals might significantly delay or prevent achievement of our business objectives. In addition, because of

a relative scarcity of individuals with experience and the high degree of education and scientific achievement required for our business, competition among life sciences companies for qualified employees is intense and, as a result, we may not be able to attract and retain such individuals on acceptable terms, or at all. In addition, because we do not maintain "key person" life insurance on any of our officers, employees, or consultants, any delay in replacing such persons, or an inability to replace them with persons of similar expertise, could harm our business, financial condition, and results of operations.

We also have relationships with scientific collaborators at academic and other institutions, some of whom conduct research at our request or assist us in formulating our research and development strategies. These scientific collaborators are not our employees and may have commitments to, or consulting or advisory contracts with, other entities that may limit their availability to us. In addition, even though our collaborators are required to sign confidentiality agreements prior to working with us, they may have arrangements with other companies to assist such other companies in developing technologies that may prove competitive to us.

Incentive provisions for our key executives include the granting of stock options that vest over time, designed to encourage such individuals to stay with us. However, a low share price, whether as a result of disappointing progress in our development programs or as a result of market conditions generally, could render such agreements of little value to our key executives. In such event, our key executives could be susceptible to being hired away by our competitors who could offer a better compensation package. If we are unable to attract and retain key personnel, our business, financial conditions and results of operations may be harmed.

We may not successfully manage our growth. Our success will depend upon the expansion of our operations and our ability to successfully manage our growth.

Our future growth, if any, may place a significant strain on our management and on our administrative, operational, and financial resources. Our ability to manage our growth effectively will require us to implement and improve our operational, financial and management systems and to expand, train, manage and motivate our employees. These demands may require the hiring of additional management personnel and the development of additional expertise by management. Any increase in resources devoted to research, commercialization, and product development without a corresponding increase in our operational, financial and management systems could harm our business, financial condition and results of operations.

As our operations expand, we expect that we will need to manage additional relationships with various strategic partners, suppliers and other third parties. Future growth will impose significant added responsibilities on members of management. Our future financial performance and our ability to commercialize LUPKYNIS and to compete effectively will depend, in part, on our ability to manage any future growth effectively. To that end, we must be able to manage our development and commercialization efforts and clinical trials effectively and hire, train and integrate additional management, administrative and, if necessary, sales and marketing personnel. We may not be able to accomplish these tasks, and our failure to accomplish any of them could prevent us from successfully growing our company.

We rely significantly on information technology and any failure, inadequacy, or security lapse of that technology, including any cybersecurity incidents, could harm us.

We believe that companies have been increasingly subject to a wide variety of security incidents, cyberattacks and other attempts to gain unauthorized access. These threats can come from a variety of sources, ranging in sophistication from an individual hacker to a state-sponsored attack. Cyber threats may be generic, or they may be custom-crafted against our information systems. Over the past few years, cyber-attacks have become more prevalent and much harder to detect and defend against.

Several key areas of our business depend on the use of information technologies, including production, manufacturing, marketing, and logistics, as well as clinical and regulatory matters. Despite our efforts to prevent such behavior, third parties may nonetheless attempt to hack into our systems and obtain data relating to our pre-clinical studies, clinical trials, patients using LUPKYNIS or our proprietary information on LUPKYNIS or other information relating to us or our business. If we fail to maintain or protect our information systems and data integrity effectively, we could have problems in determining product cost estimates and establishing appropriate pricing, have difficulty preventing, detecting, and controlling fraud, have disputes with physicians, and other health care professionals, have regulatory sanctions or penalties imposed, have increases in operating expenses, incur expenses or lose revenues as a result of a data privacy breach, or suffer other adverse consequences and reputational damages. While we have invested in the protection of data and information technology, there can be no assurance that our efforts or those of our third-party collaborators, if any, or manufacturers, to implement adequate security and quality measures for data processing would be sufficient to protect against data deterioration or loss in the event of a system

malfunction, or to prevent data from being stolen or corrupted in the event of a security breach. Any such loss or breach could harm our business, operating results, and financial condition.

Interruptions in the availability of server systems or communications with Internet or cloud-based services, or failure to maintain the security, confidentiality, accessibility, or integrity of data stored on such systems, could harm our business.

We rely upon a variety of Internet service providers, third-party hosting facilities and cloud computing platform providers to support our business. With our offices closed due to the COVID-19 pandemic, we are highly reliant on these services for our operations. Failure to maintain the security, confidentiality, accessibility or integrity of data stored on such systems could damage our reputation in the market, cause us to lose revenue or market share, increase our service costs, cause us to incur substantial costs, subject us to liability for damages and/or fines and divert our resources from other tasks, any one of which could materially adversely affect our business, financial condition, results of operations and prospects. Any damage to, or failure of, such systems, or communications to and between such systems, could result in interruptions in our operations. If our security measures or those of our third-party data center hosting facilities, cloud computing platform providers, or third-party service partners, are breached, and unauthorized access is obtained to our data or our information technology systems, we may incur significant legal and financial exposure and liabilities. We do not have control over the operations of the facilities of our cloud service providers and our third party providers may be vulnerable to damage or interruption from natural disasters, cybersecurity attacks, terrorist attacks, power outages and similar events or acts of misconduct. In addition, any changes in our cloud service providers service levels may harm our ability to meet our requirements and operate our business.

Our business is exposed to the risks associated with litigation, investigations and regulatory proceedings.

Litigation and regulatory proceedings are inherently uncertain, and adverse rulings could occur, including monetary damages, or an injunction stopping us from manufacturing or selling certain products, engaging in certain business practices, or requiring other remedies. We may be subject to allegations through press, social media, the courts or other mediums that may or may not be founded. We may be required to respond to or defend against these claims and/or allegations, which will divert resources away from our principal business. There can be no assurance that our defense of such claims and/or allegations would be successful, and we may be required to make material settlements. An unfavorable outcome or settlement may harm our business, products and product candidates, results of operations, financial condition, and corporate reputation. In addition, regardless of outcome, investigations, allegations of wrongdoing, and litigation can be costly, time-consuming, and disruptive to our business and operations.

Risks Related to Our Industry

Unstable markets and economic conditions may have harmful consequences to business, financial condition, and trading price of our Common Shares.

Our results of operations could be harmed by general conditions in the global economy and financial markets. A severe or prolonged economic downturn could result in a variety of risks to our business, including, weakened demand for our approved product and our ability to raise additional capital when needed on acceptable terms, if at all. Weak global economic conditions could decrease the number of clinical trials sites available to us and hinder our ability to conduct trials required by the FDA. A weak or declining economy could also strain our supplies, partners or third-parties, possibly resulting in supply disruption, or cause our customers to delay making payments for our services. Any of the foregoing could harm our business and we cannot anticipate all the ways in which the current economic climate and financial market conditions could adversely impact our business.

Actual or anticipated changes to the laws and regulations governing the health care system may have a negative impact on cost and access to health insurance coverage and reimbursement of healthcare items and services.

The United States and several foreign jurisdictions are considering, or have already enacted, a number of legislative and regulatory proposals to change the healthcare system in ways that could affect our ability to sell LUPKYNIS profitably. Among policy makers and payors in the United States and elsewhere, there is significant interest in promoting changes in healthcare systems with the stated goals of containing healthcare costs, improving quality and/or expanding access to healthcare. In the U.S, the pharmaceutical industry has been a particular focus of these efforts and has been significantly affected by major legislative initiatives, including the ACA. While it is difficult to assess the impact of the ACA in isolation, either in general or on our business specifically, it is widely thought that the ACA increases downward pressure on pharmaceutical reimbursement, which could negatively affect market acceptance of, and the price we may charge for, LUPKYNIS. Further, the U.S. and foreign governments regularly consider reform measures that affect healthcare coverage and costs. Such reforms may include changes to the coverage and reimbursement of healthcare services and products. In particular, there have been recent judicial

and Congressional challenges to the ACA, which could have an impact on coverage and reimbursement for healthcare services covered by plans authorized by the ACA, and we expect there will be additional challenges and amendments to the ACA in the future. Since its enactment, there have been judicial and Congressional challenges to certain aspects of the ACA. As a result, there have been delays in the implementation of, and action taken to repeal or replace, certain aspects of the ACA. Most recently, the *U.S. Tax Cuts and Jobs Act* was enacted, which, among other things, removes the penalties for not complying with the ACA's individual mandate to carry health insurance. On December 14, 2018, a U.S. District Court Judge in the Northern District of Texas ruled that the individual mandate is a critical and inseverable feature of the ACA, and therefore, because it was repealed as part of the *U.S. Tax Act,* the remaining provisions of the ACA are invalid as well. On December 18, 2019, the U.S. Court of Appeals for the Fifth Circuit ruled that the individual mandate was unconstitutional and remanded the case back to the District Court to determine whether the remaining provisions of the ACA are invalid as well. Additionally, the United States Supreme Court is currently reviewing the constitutionality of the ACA, but it is unclear when a decision will be made. Although the U.S. Supreme Court has not yet ruled on the constitutionality of the ACA, on January 28, 2021, President Biden issued an executive order to initiate a special enrollment period from February 15, 2021 through May 15, 2021 for purposes of obtaining health insurance coverage through the ACA marketplace. The executive order also instructs certain governmental agencies to review and reconsider their existing policies and rules that limit access to healthcare, including among others, reexamining Medicaid demonstration projects and waiver programs that include work requirements, and policies that create unnecessary barriers to obtaining access to health insurance coverage through Medicaid or the ACA. It is unclear how these decisions, subsequent appeals, if any, and other efforts to challenge, repeal or replace the ACA will impact the ACA and our business. We cannot predict the ultimate content, timing or effect of any healthcare reform legislation or the impact of potential legislation on us.

In addition, other legislative changes have been proposed and adopted in the United States since the ACA was enacted. For example, the *U.S. Budget Control Act of 2011* resulted in aggregate reductions to Medicare payments to providers of 2% per fiscal year, which went into effect on April 1, 2013 and, due to subsequent legislative amendments, will remain in effect through 2029 unless additional Congressional action is taken. On January 2, 2013, the *American Taxpayer Relief Act of 2012*, among other things, also reduced Medicare payments to several providers, including hospitals, and increased the statute of limitations period for the government to recover overpayments to providers from three to five years. Recently, there has been heightened governmental scrutiny over the manner in which drug manufacturers set prices for their marketed products, which has resulted in several Congressional inquiries and proposed bills designed to, among other things, bring more transparency to product pricing, review the relationship between pricing and manufacturer patient programs, and reform government program reimbursement methodologies for drug products. For example, the new Biden administration has indicated that lowering prescription drug prices is a priority, but we do not yet know what steps the administration will take or whether such steps will be successful. We cannot predict all of the ways in which future federal or state legislative or administrative changes relating to healthcare reform will affect our business.

Individual states in the United States have also become increasingly active in passing legislation and implementing regulations designed to control pharmaceutical product pricing, including price or patient reimbursement constraints, discounts, restrictions on certain product access and marketing cost disclosure and transparency measures, and, in some cases, designed to encourage importation from other countries and bulk purchasing. In addition, regional healthcare authorities and individual hospitals are increasingly using bidding procedures to determine what pharmaceutical products and which suppliers will be included in their prescription drug and other healthcare programs.

We anticipate that the ACA, as well as other healthcare reform measures that may be adopted in the future, may result in additional reductions in Medicare and other healthcare funding, more rigorous coverage criteria, new payment methodologies and additional downward pressure on the price that we receive for LUPKYNIS, and could harm our business. Any reduction in reimbursement from Medicare or other government programs may result in a similar reduction in payments from private payors. The implementation of cost containment measures or other healthcare reforms may prevent us from being able to generate revenue, attain profitability or commercialize LUPKYNIS.

We may face substantial competition, which may result in others discovering, developing, or commercializing products before, or more successfully than we do.

The industry in which we operate is highly competitive and we have numerous potential domestic and foreign competitors, including major pharmaceutical and chemical companies, universities, academic institutions, government agencies, public and private research organizations and large, fully-integrated pharmaceutical companies which have extensive resources and experience in research and development, process development, clinical evaluation, manufacturing, regulatory affairs, distribution and marketing. Many of our potential competitors possess substantially greater research and development skills, financial, technical and marketing expertise and human resources than we do, and may be better equipped to develop, manufacture and market products. There is a risk that new products and technologies may be developed which may be more

effective or commercially viable than the product being developed or marketed by us, thus making LUPKYNIS non-competitive or obsolete. There may also be market resistance to the acceptance of our new product in any indication and a risk that LUPKYNIS, even though clinically effective, is not economically viable.

Use of hazardous materials might expose us to risk in the form of damages.

Drug manufacturing processes involve the controlled use of hazardous materials. We and our third-party manufacturing contractors are subject to regulations governing the use, manufacture, storage, handling and disposal of such materials and certain waste products. Although we believe that our third-party manufacturers have the required safety procedures for handling and disposing of such materials and comply with the standards prescribed by such laws and regulations, the risk of accidental contamination or injury from these materials cannot be completely eliminated. In the event of such an accident, we could be held liable for any damages that result and such liability could exceed our resources.

Health and safety risks associated with producing a product for human ingestion cannot be eliminated and might expose us to substantial risk.

While we take substantial precautions such as laboratory and clinical testing, toxicology studies, quality control and assurance testing and controlled production methods, the health and safety risks associated with producing a product for human ingestion cannot be eliminated. Products produced by us may be found to be, or to contain substances that are harmful to the health of our patients and customers and which, in extreme cases, may cause serious health conditions or death. This sort of finding may expose us to substantial risk of litigation and liability. Further, we would be forced to discontinue production of LUPKYNIS, which would harm our profitability. We maintain product liability insurance coverage; however, there is no guarantee that our current coverage will be sufficient or that we can secure insurance coverage in the future at commercially viable rates or with the appropriate limits.

Risks Related to Our Common Shares

There is no assurance of a sufficient liquid trading market for our Common Shares in the future.

Our shareholders may be unable to sell significant quantities of Common Shares into the public trading markets without a significant reduction in the price of their Common Shares, or at all. There can be no assurance that there will be sufficient liquidity of our Common Shares on the trading market, and that we will continue to be listed on the TSX or the Nasdaq or achieve listing on any other public listing exchange.

The price of our Common Shares could be subject to volatility related or unrelated to our operations.

The market prices for the securities of biotechnology companies, including ours, have historically been volatile. The market has from time to time experienced significant price and volume fluctuations that are unrelated to the operating performance of any particular company.

The trading price of the Common Shares could continue to be subject to wide fluctuations in price in response to various factors, many of which are beyond our control, including the results and adequacy of our pre-clinical studies and clinical trials, as well as those of our collaborators, or our competitors; the results of our operations, such as quarterly or annual sales figures; other evidence of the safety or effectiveness of LUPKYNIS or those of our competitors; announcements of technological innovations or new products by our competitors; governmental regulatory actions; developments with collaborators; developments (including litigation) concerning our patent or other proprietary rights of competitors; concern as to the safety of LUPKYNIS; period-to-period fluctuations in operating results; changes in estimates of our performance by securities analysts; market conditions for biotechnology stocks in general; global or local political, economic, social and health crises; and other factors not within our control could impact the market price of the Common Shares, regardless of our operating performance. In the past, following periods of volatility in the market price of a company's securities, securities class action litigation has often been instituted. A class action suit against us could result in substantial costs, potential liabilities and the diversion of management's attention and resources.

We may be a passive foreign investment company for U.S. tax purposes, which may result in adverse tax consequences for U.S. investors.

If we are characterized as a passive foreign investment company (PFIC), there may be adverse tax consequences for U.S. investors. Generally, if for any taxable year 75% or more of our gross income is passive income, or at least 50% of the average quarterly value of our assets are held for the production of, or produce, passive income, we would be characterized as a PFIC

for U.S. federal income tax purposes. Based on the nature of our income and the value and composition of our assets, we do not believe we were a PFIC during 2020. While we also do not believe we will be a PFIC for the current taxable year, because PFIC status is determined on an annual basis and generally cannot be determined until the end of the taxable year, there can be no assurance that we will not be a PFIC for the current or future taxable years. If we are characterized as a PFIC, our shareholders who are U.S. holders may suffer adverse tax consequences, including the treatment of gains realized on the sale of our Common Shares as ordinary income, rather than as capital gain, the loss of the preferential rate applicable to dividends received on our Common Shares by individuals who are U.S. holders, and the addition of interest charges to the tax on such gains and certain distributions. A U.S. shareholder of a PFIC generally may mitigate these adverse U.S. federal income tax consequences by making a "qualified electing fund" election, or, to a lesser extent, a "mark to market" election.

You may be unable to enforce actions against us, or certain of our directors and officers under U.S. federal securities laws.

As a corporation organized under the provincial laws of Alberta, Canada, it may be difficult to bring actions under U.S. federal securities law against us. Some of our directors and officers reside principally in Canada or outside of the United States. Because all or a substantial portion of our assets and the assets of these persons are located outside of the United States, it may not be possible for investors to effect service of process within the United States upon us or those persons. Furthermore, it may not be possible for investors to enforce against us, or those persons not in the United States, judgments obtained in U.S. courts based upon the civil liability provisions of the U.S. federal securities laws or other laws of the United States. There is doubt as to the enforceability, in original actions in Canadian courts, of liabilities based upon U.S. federal securities laws and as to the enforceability in Canadian courts of judgments of U.S. courts obtained in actions based upon the civil liability provisions of the U.S. federal securities laws. Therefore, it may not be possible to enforce those actions against us or certain of our directors and officers.

If securities or industry analysts do not publish, or cease publishing, research reports about us, our business, or our market, or if they change their recommendations regarding our Common Shares adversely, the trading price and trading volume of our Common Shares could decline.

The trading market for our Common Shares is and will be influenced by whether industry or securities analysts publish research and reports about us, our business, our market or our competitors and, if any analysts do publish such reports, what they publish in those reports. We may not obtain analyst coverage in the future. Any analysts who do cover us may make adverse recommendations regarding our Common Shares, adversely change their recommendations from time to time, and/or provide more favorable relative recommendations about our competitors. If any analyst who may cover us in the future were to cease coverage of our company or fail to regularly publish reports on us, or if analysts fail to cover us or publish reports about us at all, we could lose visibility in the financial markets, which in turn could cause the trading price of our Common Shares or trading volume to decline.

Securities litigation or other litigation could result in substantial damages and may divert management's time and attention from our business.

In the past, securities class action litigation has often been brought against a company following a decline in the market price of its securities. This risk is especially relevant for us because pharmaceutical companies have experienced significant share price volatility in recent years. We may become the target of securities litigation in the future. The outcome of litigation is necessarily uncertain, and we could be forced to expend significant resources in the defense of such suits, and we may not prevail. Monitoring and defending against legal actions is time-consuming for our management and detracts from our ability to fully focus our internal resources on our business activities. In addition, we may incur substantial legal fees and costs in connection with any such litigation. We have not established any reserves for any potential liability relating to any such potential lawsuits. It is possible that we could, in the future, incur judgments or enter into settlements of claims for monetary damages. We currently maintain insurance coverage for some of these potential liabilities. Other potential liabilities may not be covered by insurance, insurers may dispute coverage or the amount of insurance may not be enough to cover damages awarded. In addition, certain types of damages may not be covered by insurance, and insurance coverage for all or certain forms of liability may become unavailable or prohibitively expensive in the future. A decision adverse to our interests on one or more legal matters or litigation could result in the payment of substantial damages, or possibly fines, and could have a material adverse effect on our reputation, financial condition and results of operations.

Our ability to use our net operating loss carryforwards and tax credit carryforwards to offset future taxable income may be subject to certain limitations. We may also be subject to other potential tax consequences.

Under the provisions of the applicable tax legislation, our net operating loss and tax credit carryforwards are subject to review and possible adjustment by applicable tax regulatory authorities. In addition, proposed or actual changes to applicable tax

legislation may significantly impact our ability to utilize our net operating losses to offset taxable income in the future. This could limit the amount of tax attributes that can be utilized annually to offset future taxable income or tax liabilities. The amount of the annual limitation is determined based on the value of a company immediately prior to the ownership change. Subsequent ownership changes may further affect the limitation in future years. We may not be able to use some or all of our net operating loss and tax credit carryforwards, even if we attain profitability. Additionally, should an event occur that causes or is deemed to cause a change in the residency of Aurinia Pharmaceuticals Inc. from Canada to the United States, for example, we may be subject to certain tax rules that could cause a deemed disposition of our assets for tax purposes. Should that occur, we may be subject to a material amount of tax owing, without corresponding revenue from any actual disposition of our assets. Our Common Shares could fall or may not increase.

General Business Risks

If the estimates we make, or the assumptions on which we rely, in preparing our consolidated financial statements are incorrect, our actual results may vary from those reflected in our projections and accruals.

Our consolidated financial statements have been prepared in accordance with U.S. GAAP. The preparation of these consolidated financial statement requires us to make estimates and judgements that affect the reported amounts of our assets, liabilities, revenues and expenses, the amounts of charges accrued by us and related disclosure of contingent assets and liabilities. We base our estimates on historical experience and on various other assumptions that we believe to be reasonable under the circumstances. We cannot promise that our estimates or their underlying assumptions will be correct. Actual results may differ materially from those estimated amounts used in the preparation of our consolidated financial statements if these results differ from our historical experience, or other assumptions do not turn out to be substantially accurate, even if such assumptions are reasonable when made.

If we fail to maintain proper and effective internal controls, our ability to produce accurate and timely financial statements could be impaired, which could harm our operating results, our ability to operate our business and investors' views of us.

We are subject to the rules and regulations of the SEC, including those rules and regulations mandated by the Sarbanes-Oxley Act, as well as the rules and regulations imposed by Canadian securities regulatory authorities. Securities legislation requires public companies to include in their annual report a statement of management's responsibilities for establishing and maintaining adequate internal control over financial reporting, together with an assessment of the effectiveness of those internal controls. Section 404 of the Sarbanes-Oxley Act also requires the independent auditors of certain public companies to attest to, and report on, this management assessment. Ensuring that we have adequate internal financial and accounting controls and procedures in place so that we can produce accurate financial statements on a timely basis is a costly and time-consuming effort that will need to be evaluated frequently. Our failure to maintain the effectiveness of our internal controls in accordance with the requirements of applicable securities legislation could have harm on our business. We could lose investor confidence in the accuracy and completeness of our financial reports, which could have an adverse effect on the price of our Common Shares. In addition, if our efforts to comply with new or changed laws, regulations, and standards differ from the activities intended by regulatory or governing bodies due to ambiguities related to practice, regulatory authorities may initiate legal proceedings against us and our business may be harmed.

An investment in our Common Shares may result in the loss of an investor's entire investment.

An investment in our Common Shares is speculative and may result in the loss of an investor's entire investment. Only potential investors who are experienced in high risk investments and who can afford to lose their entire investment should consider an investment in our Common Shares.

Future issuances of equity securities by us or sales by our existing shareholders may cause the price of the Common Shares to fall.

The market price of the Common Shares could decline because of issuances by us of additional Common Shares (whether for financing or acquisition purposes or otherwise) or sales by our existing shareholders in the market, or the perception that these sales could occur. Sales of Common Shares by shareholders might also make it more difficult for us to issue Common Shares at a time and price that we deem appropriate. With an additional sale or issuance by us of Common Shares, investors will suffer dilution of their voting power and may experience dilution in earnings per share.

We do not intend to pay dividends in the foreseeable future.

We have never declared or paid any dividends on the Common Shares. We intend, for the foreseeable future, to retain our future earnings, if any, to finance our commercial activities and further research and the expansion of our business. As a result, the return on an investment in Common Shares will likely depend upon any future appreciation in value, if any, and on a shareholder's ability to sell Common Shares. The payment of future dividends, if any, will be reviewed periodically by our board of directors and will depend upon, among other things, conditions then existing including earnings, financial conditions, cash on hand, financial requirements to fund our commercial activities, development and growth, and other factors that our board of directors may consider appropriate in the circumstances.

We have broad discretion in the use of our cash and cash equivalents and may not use them effectively.

Our management has broad discretion to use our cash and cash equivalents to fund our operations and could spend these funds in ways that do not improve our results of operations or enhance the value of our Common Shares. The failure by our management to apply these funds effectively could result in financial losses that could have a material adverse effect on our business, cause the trading price of our Common Shares to decline and delay commercialization of our product. Pending their use to fund our operations, we may invest our cash and cash equivalents in a manner that does not produce income or that loses value.

We have incurred and will continue to incur increased costs as a result of operating as a public company, and our management is required to devote substantial time to compliance initiatives and corporate governance practices.

As a public company, we incur significant legal, accounting, and other expenses. In addition, the Sarbanes-Oxley Act of 2002 and rules subsequently implemented by the SEC, Canadian securities regulators, the Nasdaq and the TSX have imposed various requirements on public companies, including establishment and maintenance of effective disclosure and financial controls and corporate governance practices. Our management and other personnel devote a substantial amount of time to these compliance initiatives. Moreover, these rules and regulations have increased our legal and financial compliance costs and have made some activities more time-consuming and costly.

Applicable securities legislation requires us, on an annual basis, to review and evaluate our internal controls. To maintain compliance with Section 404 of the Sarbanes-Oxley Act of 2002, for example, we are required to document and evaluate our internal control over financial reporting, which has been both costly and challenging. We will need to continue to dedicate internal resources, continue to engage outside consultants and follow a detailed work plan to continue to assess and document the adequacy of internal control over financial reporting, continue to improve control processes as appropriate, validate through testing that controls are functioning as documented and implement a continuous reporting and improvement process for internal control over financial reporting. There is a risk that in the future neither we nor our independent registered public accounting firm will be able to conclude within the prescribed timeframe that our internal control over financial reporting is effective as required by Section 404. If we identify one or more material weaknesses, it could result in an adverse reaction in the financial markets due to a loss of confidence in the reliability of our financial statements.

Sales of our Common Shares by our employees, including our executive officers, could cause the trading price of our Common Shares to fall or prevent it from increasing for numerous reasons, and sales by such persons could be viewed negatively by other investors.

In accordance with the guidelines specified under Rule 10b5-1 under the Exchange Act, as amended, and our policies regarding equity transactions, a number of our employees, including executive officers, may adopt share trading plans pursuant to which they have arranged to sell Common Shares from time to time in the future. Generally, sales of Common Shares, including sales under such plans, by our executive officers and directors require public filings. Sales of our Common Shares by such persons could cause the price of our Common Shares to fall or prevent it from increasing. If sales by employees, executive officers, or directors cause a substantial number of our Common Shares to become available for purchase in the public market, the price of our Common Shares could fall or may not increase. Also, sales by such personnel could be viewed negatively by holders and potential purchasers of our Common Shares.

Item 1B. Unresolved Staff Comments

None.

Item 2. Properties

We lease an approximately 13,206 square foot facility in Victoria, British Columbia, which is used primarily as our headquarters as well as for research and development and administrative purposes. We lease approximately 2,248 square feet of space in Edmonton, Alberta, which is used for general and administrative purposes. We lease approximately 30,531 square feet of space in Rockville, Maryland, which serves as our commercial office and is used for marketing as well as general and administrative purposes. We believe that our existing facilities are adequate to meet our current needs, and that suitable additional or alternative spaces will be available in the future on commercially reasonable terms.

Item 3. Legal Proceedings

Information pertaining to legal proceedings can be found under Part IV, Note 13 Commitments and Contingencies to the "Index to Consolidated Financial Statements" in this Annual Report and is incorporated by reference herein.

Item 4. Mine Safety Disclosures

Not applicable.

PART II

Item 5. Market for Registrant's Common Equity, Related Shareholder Matters and Issuer Purchases of Equity Securities

Market Information

Our Common Shares are traded on The Nasdaq Global Market under the symbol "AUPH" and on the TSX under the symbol "AUP". The following graph shows the value of an investment of $100 from December 31, 2015 through December 31, 2020, in our Common Shares, the Nasdaq Biotechnology Index, and Nasdaq Composite Index. The historical share price performance of our Common Shares shown in the performance graph is not necessarily indicative of future share price performance.

Holders

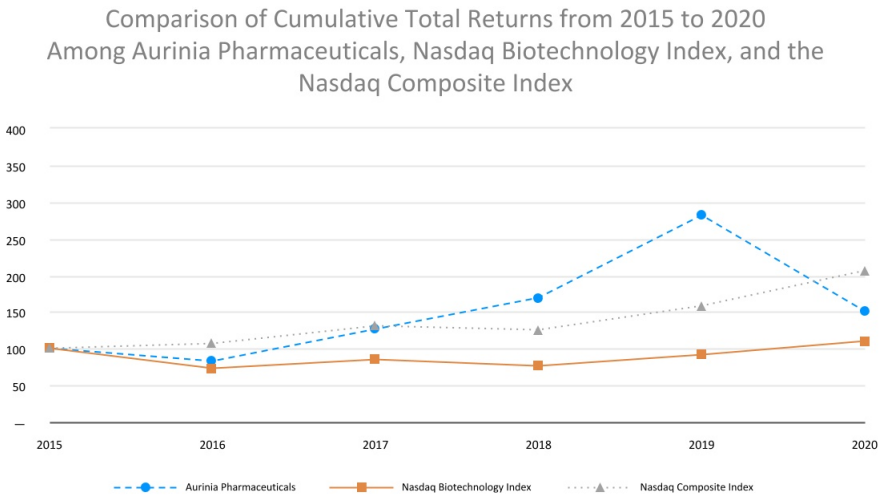
As of February 18, 2021 there were approximately 39 registered holders of record of our Common Shares.

Dividends

We currently intend to retain all available funds and future earnings, if any, to fund the development and expansion of our business and operations, including the commercialization of LUPKYNIS, and we do not anticipate paying any cash dividends in the foreseeable future. Any future determination regarding the declaration and payment of dividends, if any, will be at the discretion of our board of directors and will depend on then-existing conditions, including our financial condition, operating results, contractual restrictions, capital requirements, business prospects and other facts our board of directors may deem relevant.

Performance Graph

The following graph shows the value of an investment of $100 from December 31, 2015 through December 31, 2020, in our Common Shares, the Nasdaq Biotechnology Index, and Nasdaq Composite Index. The historical share price performance of our Common Shares shown in the performance graph is not necessarily indicative of future share price performance.



	Cumulative Total Return Date Ended					
	2015	2016	2017	2018	2019	2020
Aurinia Pharmaceuticals	$100.00	$82.38	$126.57	$169.07	$281.23	$150.48
Nasdaq Biotechnology Index	$100.00	$72.31	$84.89	$76.16	$91.10	$109.72
Nasdaq Composite Index	$100.00	$106.98	$130.54	$125.26	$157.89	$205.87

The Performance Graph is not deemed to be "soliciting material" or "filed" with the SEC or subject to Regulation 14A or 14C under the Exchange Act, or to the liabilities of Section 18 of the Exchange Act, and is not to be incorporated by reference in any filing of the Company under the Securities Act or the Exchange Act, whether made before or after the date of this Annual Report and irrespective of any general incorporation language in those filings.

Recent Sales of Unregistered Securities

None.

Purchases of Equity Securities by the Issuer or Affiliated Purchasers

None.

Item 6. Selected Financial Data

The following selected financial data should be read in conjunction with Part II, Item 7. "Management's Discussion and Analysis of Financial Condition and Results of Operations" and with our consolidated financial statements and related notes included in Part IV, Item 15 "Exhibits, Financial Statements and Schedules." Our historical results are not necessarily indicative of the results that can be expected in the future.

	Years Ended December 31,				
Consolidated Statements of Operations (in thousands, except per share data)	**2020**	**2019**	**2018**	**2017**	**2016**
Revenues:					
Licensing revenue	**$ 50,118**	$ 318	$ 118	$ 418	$ 118
Contract revenue	**—**	—	345	—	55
Total revenues	**50,118**	318	463	418	173
Operating expenses:					
Research and development	**50,327**	52,866	41,382	33,930	14,534
General and administrative	**95,983**	22,338	13,694	12,118	6,992
Amortization of intangible assets	**1,289**	1,138	1,293	1,182	642
Other expenses (income), net	**6,809**	14,919	(666)	5	3,504
Total operating expenses	**154,408**	91,261	55,703	47,235	25,672
Loss from operations	**(104,290)**	(90,943)	(55,240)	(46,817)	(25,499)
Interest income	**1,516**	2,702	2,234	702	27
Net loss before income taxes	**(102,774)**	(88,241)	(53,006)	(46,115)	(25,472)
Income tax benefit (expense)	**94**	(144)	(73)	—	—
Net loss and comprehensive loss	**$ (102,680)**	$ (88,385)	$ (53,079)	$ (46,115)	$ (25,472)
Basic and diluted loss per common share	**$ (0.87)**	$ (0.95)	$ (0.63)	$ (0.60)	$ (0.72)
Weighted-average Common Shares outstanding used in computation of basic and diluted loss per share	**118,473**	93,024	84,782	76,918	35,285

	As of December 31,				
	2020	2019	2018	2017	2016
Balance Sheet Data:					
(in thousands)					
Cash and equivalents, short-term investments	**$ 398,329**	$ 306,019	$ 125,856	$ 173,462	$ 39,649
Working capital[(1)]	**$ 387,430**	$ 303,842	$ 125,659	$ 167,175	$ 33,359
Total assets	**$ 463,661**	$ 324,301	$ 143,230	$ 186,963	$ 53,862
Total liabilities	**$ 55,911**	$ 25,701	$ 7,513	$ 9,119	$ 9,219
Total shareholders' equity	**$ 407,750**	$ 298,600	$ 135,717	$ 177,844	$ 44,643

(1) Working capital is computed as current assets less current liabilities

Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations

The following discussion contains management's discussion and analysis of our financial condition and results of operations and should be read together with "Selected Financial Data" and the consolidated financial statements and the notes thereto included in the "Index to Consolidated Financial Statements" in Part IV on pages F-1 through F-21 of this Annual Report. This discussion contains forward-looking statements that reflect our plans, estimates and beliefs and involve numerous risks and uncertainties, including but not limited to those described in the "Risk Factors" section of this Annual Report. Actual results may differ materially from those contained in any forward-looking statements. You should carefully read "Special Note Regarding Forward-Looking Statements" and "Risk Factors."

Overview

Aurinia is a biopharmaceutical company focused on developing and commercializing therapies to treat targeted patient populations that are suffering from serious diseases with a high unmet medical need. We have commercially launched LUPKYNIS in the United States for the treatment of adult patients with active LN, and continue to conduct pre-clinical, clinical, and regulatory advancement to support the voclosporin development program.

On January 22, 2021, the FDA approved LUPKYNIS in combination with a background immunosuppressive therapy regimen to treat adult patients with active LN.

LUPKYNIS is a CNI immunosuppressant, that has the potential to improve near and long-term outcomes in LN when used in combination with MMF, the current standard of care for LN (although MMF is not currently approved as such) and steroids. By inhibiting calcineurin, LUPKYNIS reduces cytokine activation and blocks interleukin IL-2 expression and T-cell mediated immune responses. LUPKYNIS also potentially stabilizes podocytes, which can protect against proteinuria. Voclosporin, the active ingredient in LUPKYNIS, is made by a modification of a single amino acid of the cyclosporine molecule. The mechanism of action of LUPKYNIS has been validated with certain earlier generation CNIs for the prevention of rejection in patients undergoing solid organ transplants and in several autoimmune indications, including uveitis, keratoconjunctivitis sicca, psoriasis, rheumatoid arthritis, and for LN in Japan. We believe that LUPKYNIS possesses pharmacologic properties with the potential to demonstrate best-in-class differentiation.

Earlier generation CNIs have demonstrated efficacy for a number of conditions, including transplant and other autoimmune diseases; however, side effects exist which can limit their long-term use and tolerability. Some clinical complications of earlier generation CNIs include hypertension, hyperlipidemia, diabetes, and both acute and chronic nephrotoxicity.

Based on published data, we believe the key potential benefits of LUPKYNIS in the treatment of adult patients with active LN versus marketed CNIs include:

- increased potency compared to cyclosporine A, allowing for lower dosing requirements and potentially fewer off target effects;
- limited inter and intra patient variability, allowing for easier dosing without the need for monitoring blood levels for therapeutic drug monitoring;
- less cholesterolemia and triglyceridemia than cyclosporine A; and
- limited incidence of glucose intolerance and diabetes at therapeutic doses compared to tacrolimus.

Results of Operations

Comparison of the Years Ended December 31, 2020 and 2019

The following table sets forth our results of operations for the years ended December 31, 2020 and 2019.

	Years Ended December 31,		
(in thousands)	**2020**	**2019**	**Change**
Revenues:			
Licensing revenue	$ 50,118	$ 318	$ 49,800
Total revenues	50,118	318	49,800
Operating expenses:			
Research and development	50,327	52,866	(2,539)
General and administrative	95,983	22,338	73,645
Amortization of intangible assets	1,289	1,138	151
Other expenses (income), net	6,809	14,919	(8,110)
Total operating expenses	154,408	91,261	63,147
Loss from operations	(104,290)	(90,943)	(13,347)
Interest income	1,516	2,702	(1,186)
Net loss before income taxes	(102,774)	(88,241)	(14,533)
Income tax benefit (expense)	94	(144)	238
Net loss and comprehensive loss	$ (102,680)	$ (88,385)	$ (14,295)

Revenues

Revenues were $50.1 million and $318 thousand for the years ended December 31, 2020 and 2019, respectively. The increase of $49.8 million in 2020 was primarily due to the upfront payment from Otsuka of $50.0 million recorded as licensing revenue.

Research and Development Expenses

R&D expenses decreased to $50.3 million for the year ended December 31, 2020 compared to $52.9 million for the year ended December 31, 2019. R&D expenses consisted of the following:

	Years Ended December 31,	
Research and development (in thousands)	**2020**	**2019**
Contract research organizations (CRO) and third party clinical trial expenses	$ 23,534	$ 29,102
Drug supply and distribution	7,954	13,328
Salaries, incentive pay and employee benefits	11,094	5,906
Share-based compensation expense	3,729	2,693
Travel, insurance, patent annuity fees, legal fee and other	4,016	1,837
	$ 50,327	$ 52,866

The primary drivers for the decrease of $2.5 million in R&D spend in 2020 (as detailed in the table above) were a decrease in drug manufacturing and supply costs, due to inventory capitalization of pre-launch inventory, lower CRO expenses and other third party clinical trial expenses, partially offset by an increase in regulatory related costs as we prepared for FDA approval.

General and Administrative Expenses

Corporate, administration and business development expenses increased to $96.0 million for the year ended December 31, 2020 compared to $22.3 million for the year ended December 31, 2019.

The primary driver for the increase of $73.6 million in corporate, administrative and business development spend in 2020 was an increase of $32.8 million in salaries and employee benefits, $8.9 million in share compensation expense, $7.1 million in

insurance, rent and other facilities costs and $24.1 million for professional fees for activities such as strategic review, recruiting, legal, audit, market research and other pre-commercial activities undertaken during the year as we developed our commercial capabilities across the organization including the expansion of the commercial team headed by our new Chief Commercial Officer.

Amortization of Acquired Intellectual Property and Other Intangible Assets

Amortization of acquired intellectual property and other intangible assets increased slightly to $1.3 million for the year endedDecember 31, 2020 compared to $1.1 million for the year ended December 31, 2019.

Other Expenses (Income), Net

Other expenses were $6.8 million for the year ended December 31, 2020 compared to $14.9 million for the year ended December 31, 2019.

The primary driver for the decrease of $8.1 million in other expenses during 2020 was the higher expense related to a settlement to ILJIN that was recorded in 2019.

Comparison of the Years Ended December 31, 2019 and 2018

The following table sets forth our results of operations for the years ended December 31, 2019 and 2018.

	Years Ended December 31,		
(in thousands)	**2019**	**2018**	**Change**
Revenues:			
Licensing revenue	$ 318	$ 118	$ 200
Contract revenue	—	345	(345)
Total revenues	318	463	(145)
Operating expenses:			
Research and development	52,866	41,382	11,484
General and administrative	22,338	13,694	8,644
Amortization of intangible assets	1,138	1,293	(155)
Other expenses (income), net	14,919	(666)	15,585
Total operating expenses	91,261	55,703	35,558
Loss from operations	(90,943)	(55,240)	(35,703)
Interest income	2,702	2,234	468
Net loss before income taxes	(88,241)	(53,006)	(35,235)
Income tax benefit (expense)	(144)	(73)	(71)
Net loss and comprehensive loss	$ (88,385)	$ (53,079)	$ (35,306)

Revenues

Revenues were $318 thousand and $463 thousand for the years ended December 31, 2019 and 2018, respectively.

Research and Development Expenses

R&D expenses increased to $52.9 million for the year ended December 31, 2019 compared to $41.4 million for the year ended December 31, 2018. R&D expenses consisted of the following:

	Years Ended December 31,	
Research and development (in thousands)	**2019**	**2018**
Contract research organizations (CRO) and third party clinical trial expenses	$ 29,102	$ 27,924
Drug supply and distribution	13,328	4,858
Salaries, incentive pay and employee benefits	5,906	4,260
Share-based compensation expense	2,693	2,696
Travel, insurance, patent annuity fees, legal fee and other	1,837	1,644
	$ 52,866	$ 41,382

The primary drivers for the increase of $11.5 million in R&D spend in 2019 (as detailed in the table above) were an increase in drug supply and distribution costs which reflected the increased manufacturing of voclosporin for future commercial and investigational use combined with higher CRO expenses and other third party clinical trial expenses incurred for the AURORA 2 extension study and preparation costs associated with the planned NDA submission for voclosporin for the treatment of adult patients with active LN, offset by lower AURORA clinical trial costs.

General and Administrative Expenses

Corporate, administration and business development expenses increased to $22.3 million for the year ended December 31, 2019 compared to $13.7 million for the year ended December 31, 2018.

The primary driver for the increase of $8.6 million in corporate, administrative and business development spend in 2019 was an increase of $2.8 million in salaries and employee benefits and $4.1 million in higher fees for activities such as strategic review, recruiting, legal, audit, market research and other pre-commercial activities undertaken during the year.

Amortization of Acquired Intellectual Property and Other Intangible Assets

Amortization of acquired intellectual property and other intangible assets decreased slightly to $1.1 million for the year ended December 31, 2019 compared to $1.3 million for the year ended December 31, 2018.

Other Expenses (Income), Net

Other expenses were $14.9 million for the year ended December 31, 2019 compared to other income of $666 thousand for the year ended December 31, 2018.

The primary driver for the increase of $15.6 million in other expense during 2019 was the recognition of the royalty obligation which is the result of a resolution of our board of directors dated March 8, 2012 whereby certain executive officers at that time were provided with future potential retention benefits for remaining with the Company as further detailed in Note 14 coupled with an increased expense related to a settlement to ILJIN.

Critical Accounting Policies and Estimates

Our management's discussion and analysis of our financial condition and results of operations is based on our financial statements, which have been prepared in accordance with accounting principles generally accepted in the United States, or U.S. GAAP. The preparation of these financial statements requires us to make estimates, judgments and assumptions that affect the reported amounts of assets and liabilities, disclosure of contingent assets and liabilities as of the dates of the balance sheets and the reported amounts of revenue and expenses during the reporting periods. In accordance with U.S. GAAP, we base our estimates on historical experience and on various other assumptions that we believe are reasonable under the circumstances at the time such estimates are made. Actual results may differ materially from our estimates and judgments under different assumptions or conditions. We periodically review our estimates in light of changes in circumstances, facts and experience. The effects of material revisions in estimates, if any, are reflected in our financial statements prospectively from the date of the change in estimate.

We define our critical accounting policies as those accounting principles generally accepted in the United States that require us to make subjective estimates and judgments about matters that are uncertain and are likely to have a material impact on our financial condition and results of operations, as well as the specific manner in which we apply those principles. While our significant accounting policies are more fully described in Note 2 to our financial statements appearing elsewhere in this Annual Report, we believe the following are the critical accounting policies used in the preparation of our financial statements that require significant estimates and judgments.

Revenue Recognition: Pursuant to Accounting Standards Codification 606, *Revenue from Contracts with Customers* (ASC 606), we recognize revenue when a customer obtains control of promised goods or services. We record the amount of revenue that reflects the consideration that it expects to receive in exchange for those goods or services. Revenue is recognized through a five-step process: (i) identify the contract(s) with a customer; (ii) identify the performance obligations in the contract; (iii) determine the transaction price; (iv) allocate the transaction price to the performance obligations in the contract; and (v) recognize revenue when (or as) a performance obligation is satisfied. We only apply the five-step model to contracts when it is probable that we will collect the consideration we are entitled to in exchange for the goods or services we transfer to the customer. At contract inception, we assess the goods or services promised within each contract and determines those that are performance obligations. Revenue is recognized for the applicable performance element when each distinct performance obligation is satisfied.

License, Collaboration and Other Revenues

We enter into out-licensing agreements that are within the scope of ASC 606, under which we licenses certain rights to our product candidates to third parties. The terms of these arrangements typically include payment to us of one or more of the following: non-refundable, up-front license fees; development, regulatory and commercial milestone payments, payments for manufacturing supply services we provide through our contract manufacturers, and royalties on net sales of licensed products. Each of these payments results in license, collaboration and other revenues, except for revenues from royalties on net sales of licensed products, which are classified as royalty revenues.

In determining the appropriate amount of revenue to be recognized as we fulfill our obligations under each of our agreements, we perform the following steps: (i) identification of the promised goods or services in the contract; (ii) determination of whether the promised goods or services are performance obligations including whether they are distinct in the context of the contract; (iii) measurement of the transaction price, including the constraint on variable consideration; (iv) allocation of the transaction price to the performance obligations; and (v) recognition of revenue when (or as) we satisfy each performance obligation. As part of the accounting for these arrangements, we must develop assumptions that require judgment to determine the stand-alone selling price for each performance obligation identified in the contract. We use key assumptions to determine the stand-alone selling price, which may include forecasted revenues, development timelines, reimbursement rates for personnel costs, discount rates and probabilities of technical and regulatory success.

Licenses of Intellectual Property: If the license to our intellectual property is determined to be distinct from the other performance obligations identified in the arrangement, we recognize revenues from non-refundable, up-front fees allocated to the license when the license is transferred to the licensee and the licensee is able to use and benefit from the license. For licenses that are bundled with other promises, we utilize judgment to assess the nature of the combined performance obligation to determine whether the combined performance obligation is satisfied over time or at a point in time and, if over time, the appropriate method of measuring progress for purposes of recognizing revenue from non-refundable, up-front fees. We evaluate the measure of progress each reporting period and, if necessary, adjusts the measure of performance and related revenue recognition.

Manufacturing Supply Services: Arrangements that include a promise for future supply of drug substance or drug product for either clinical development or commercial supply at the licensee's discretion are generally considered as options. We assess if these options provide a material right to the licensee and if so, they are accounted for as separate performance obligations. If we are entitled to additional payments when the licensee exercises these options, any additional payments are recorded in license, collaboration and other revenues when the licensee obtains control of the goods, which is typically upon delivery.

Milestone Payments: At the inception of each arrangement that includes development or commercial sales milestone payments, we evaluate whether the milestones are considered probable of being reached and estimates the amount to be included in the transaction price using the most likely amount method. If it is probable that a significant revenue reversal would not occur, the associated milestone value is included in the transaction price. The transaction price is then allocated to each performance obligation on a relative stand-alone selling price basis, for which we recognize revenue as or when the performance obligations under the contract are satisfied. At the end of each subsequent reporting period, we re-evaluate the probability of achievement of such development milestones and any related constraint, and if necessary, adjusts its estimate of the overall transaction price.

Any such adjustments are recorded on a cumulative catch-up basis, which would affect license, collaboration and other revenues and earnings in the period of adjustment. Any consideration related to sales-based royalties (and sales-based milestones) will be recognized when the related sales occur.

Research and development costs: Research and development costs, are accounted for in accordance with ASC Topic 730,*Research and Development*, (ASC 730) and are expensed as incurred. Research and development costs consist primarily of the cost of salaries, share-based compensation expenses, payroll taxes and other employee benefits, subcontractors and materials used for research and development activities, including nonclinical studies, clinical trials, manufacturing costs and professional services. The costs of services performed by others in connection with our R&D activities, including R&D conducted by others on our behalf, shall be included in research and development costs and expensed as the contracted work is performed. We accrue for costs incurred as the services are being provided by monitoring the status of the trial or project and the invoices received from its external service providers. Where contingent milestone payments are due to third parties under research and development arrangements or license agreements, the milestone payment obligations are expensed when the milestone results are probable to be achieved.

Inventory: We capitalize inventory costs related to products to be sold in the ordinary course of business. We make a determination of capitalizing inventory costs for a product based on, among other factors, status of regulatory approval, information regarding safety, efficacy and expectations relating to commercial sales and recoverability of costs. Pre-launch inventory is held as an asset when there is a high probability of regulatory approval for the product.

Inventories are valued under a standard costing method and are stated at the lower of cost or net realizable value. We measure inventory, which include the direct purchase cost of materials and supplies and manufacturing overhead costs, by approximating actual cost under a first-in, first-out basis. We assess recoverability of inventory each reporting period to determine any write down to net realizable value resulting from excess or obsolete inventories.

Share-based compensation: We follow ASC Topic 718, *Compensation - Stock Compensation* (ASC 718), which requires the measurement and recognition of compensation expense, based on estimated fair values, for all share-based awards made to employees and directors. We record compensation expense associated with service and performance-based stock options in accordance with provisions of authoritative guidance. The estimated fair value of service-based awards is determined using option pricing models that use unobservable inputs and is generally amortized on a straight-line basis over the requisite service period and is recognized based on the proportionate amount of the requisite service period that has been rendered during each reporting period. The estimated fair value of performance-based awards is measured on the grant date and is recognized when it is determined that it is probable that the performance condition will be achieved.

Royalty obligation: We have recorded a royalty obligation in liabilities for estimated future employee benefits relating to applicable historical employment arrangements. Pursuant to ASC Topic 710, we recognize future royalty benefits provided by employee retention arrangements, as a royalty obligation, which is recognized when we determine that it is probable we will have to make future payments.

Initially, these obligations are measured at the present value of expected future payments to be made in respect of services provided by employees up to the end of the reporting periods. Subsequent re-measurements as a result of performance obligations met by us or changes in assumptions are recognized in the consolidated statement of operations.

We are required to use judgment to determine the most appropriate model to use to measure the obligation and is required to use significant judgment and estimates in determining the inputs into the model. The royalty obligation is based on an income approach using an internal risk-adjusted net present value of the future royalty payments to be made to the former executive officers which are based on the future net revenues for voclosporin. The royalty rates applied to the net revenue are dependent on the type of net revenue earned. There are multiple unobservable inputs. The determination of this royalty obligation is subject to significant judgments and estimates in determining the significant assumptions including:

- Net pricing - this includes the established WAC pricing of the product and estimates of payor and channel mix (which include government rebates, customer discounts and co-payment programs) and annual price escalations of the product.
- Number of patients being treated - this includes various inputs including the number of patients receiving treatment, market penetration, time to peak market penetration, speed of response to treatment, duration of treatment, patient adherence,dosing adjustments according to the approved product labeling and the timing of generics and competitors entering the market.

- Discount rate - the rate used to derive the present value of future cash flows based on the company's estimated cost of equity rate.

Management developed the model and inputs in conjunction with their internal scientific team and utilized third party scientific studies, information provided by third party consultants engaged by us and research papers as sources to develop their inputs. Management believes the liability is based on reasonable assumptions; however, these assumptions may be incomplete or inaccurate and unanticipated events and circumstances may occur. There are numerous significant inputs into the model all of which individually or in combination result in a material change to the obligation.

Contingencies: In the normal course of business, we may be subject to loss contingencies, such as legal proceedings, amounts arising from contractual arrangements and claims arising out of our business that cover a wide range of matters, including, among others, government investigations, shareholder lawsuits, product and environmental liability, and tax matters. In accordance with ASC Topic 450, *Accounting for Contingencies*, (ASC 450), we record accruals for such loss contingencies when it is probable that a liability will be incurred, and the amount of loss can be reasonably estimated. In accordance with this guidance, we do not recognize gain contingencies until realized.

Income taxes: We account for income taxes under the asset and liability method in accordance with ASC 740 *Income Taxes* (ASC 740). Deferred tax assets and liabilities are determined based on differences between the financial reporting and tax basis of assets and liabilities and are measured using the enacted tax rates and laws that are expected to be in effect when the differences are expected to reverse. The effect on deferred tax assets and liabilities of a change in tax rates is recognized as income in the period that such tax rate changes are enacted. The portion of any deferred tax asset for which it is more likely than not that a tax benefit will not be realized must then be offset by recording a valuation allowance. Financial statement recognition of a tax position taken or expected to be taken in a tax return is determined based on a more-likely-than-not threshold of that position being sustained. If the tax position meets this threshold, the benefit to be recognized is measured as the largest amount that is more likely than not to be realized upon ultimate settlement. Our policy is to record interest and penalties on uncertain tax positions as a component of income tax expense.

Impact of Recently Issued Accounting Pronouncements

For information of recent accounting pronouncements and their impact on our consolidated financial statements or disclosures, see Note 2 "Summary of Significant Accounting Policies" of the Notes to Consolidated Financial Statements included in Item 15.

Liquidity and Capital Resources

At December 31, 2020, we had cash and cash equivalents of $272.4 million and short term investments of $126.0 million compared to cash and cash equivalents of $306.0 million at December 31, 2019. Cash and cash equivalents and our investments are primarily held in U.S. dollars. As of December 31, 2020 and 2019, we had working capital of $387.4 million and $303.8 million, respectively.

We are devoting the majority of our operational efforts and financial resources towards the commercialization and post approval commitments of our approved drug, LUPKYNIS. For the years ended December 31, 2020 and December 31, 2019, we reported a loss of $102.7 million and $88.4 million respectively. Cash used in operating activities was $69.9 million and $63.6 million for years ended December 31, 2020 and December 31, 2019, respectively. As of December 31, 2020 and 2019, we had an accumulated deficit of $575.2 million and $472.5 million, respectively.

Taking into consideration the cash and cash equivalents and short term investments balance as of December 31, 2020, we believe that our cash position is sufficient to fund our current plans which include conducting our planned R&D programs, funding pre-commercial and launch activities, manufacturing and packaging of commercial drug supply required for launch, and funding our supporting corporate and working capital for at least the next 12 months.

Sources and Uses of Cash

The following table summarizes our cash flows for December 31, 2020, 2019 and 2018:

	Years Ended December 31,		
(in thousands)	**2020**	**2019**	**2018**
Net cash (used in) provided by:			
Operating activities	$ (69,858)	$ (63,585)	$ (51,611)
Investing activities	(158,186)	7,783	(65)
Financing activities	194,375	243,854	4,014
Net change in cash and cash equivalents	$ (33,669)	$ 188,052	$ (47,662)

Cash used in operating activities in December 31, 2020 was $69.9 million, an increase of $6.3 million, from cash used in operating activities of $63.6 million from 2019. While we had a net loss of $102.7 million in 2020, non-cash components included $17.5 million of share-based compensation and $6.8 million of royalty expense. Operating cash flows included a net increase in working capital of $4.5 million. Net change in working capital during 2020 was largely impacted by changes in inventory, prepaid expenses and deposits, accounts payable and accrued liabilities and changes in our non-current assets and liabilities. Cash used in operating activities during the year ended December 31, 2019 was $63.6 million compared to $51.6 million from 2018. The increase was primarily related to the increase in royalty expense of $8.2 million.

Cash used in investing activities during 2020 was $158.2 million compared to cash provided by investing activities of $7.8 million during 2019. Investing activities in 2020 consisted primarily of $203.0 million for purchases of investments of commercial paper and corporate bonds as discussed in Note 4 of the audited consolidated financial statements for the year ended December 31, 2020. Cash provided by investing activities during 2019 increased compared to cash used in 2018 of $65 thousand mainly from our proceeds of short-term debt securities.

Cash provided by financing activities for the year ended December 31, 2020 was $194.4 million compared to cash provided by financing activities of $243.9 million for the year ended December 31, 2019. Cash provided by financing activities for the year ended December 31, 2020 decreased mainly due to the net proceeds of $187.7 million from our underwritten public offering of common shares (the "July 2020 Offering") compared to 2019, which included $223.1 million net proceeds from the December 2019 Offering and the September 2019 Offering (each described below). Cash provided by financing activities for the year ended December 31, 2019 of $243.9 million compared to $4.0 million for the year ended December 31, 2018 increased due to the December 2019 and September 2019 Offering. Additionally, during 2019 and 2018, we had an increase of $12.8 million and $3.9 million of proceeds from the exercise of stock options and warrants, respectively.

Use of Financing Proceeds

July 2020 Offering
On July 27, 2020, we completed an underwritten public offering of 13.33 million Common Shares, for net proceeds of $187.7 million. The net proceeds are being used for pre-commercialization and launch activities, R&D activities, working capital and general corporate purposes.

December 2019 Offering
On December 12, 2019, we completed an underwritten public offering of 12.78 million Common Shares, which included 1.67 million Common Shares issued pursuant to the full exercise of the underwriters' over allotment option to purchase additional Common Shares, for net proceeds of $179.9 million (the "December 2019 Offering"), which were to be used for pre-commercialization and launch activities, working capital and general corporate purposes.

September 2019 ATM
On September 13, 2019 we entered into an open market sale agreement with Jefferies LLC pursuant to which Aurinia would be able to, from time to time, sell, through at the market (ATM) offerings, Common Shares that would have an aggregate offering price of up to $40.0 million (the "2019 ATM"). On December 9, 2019 we terminated the agreement with Jefferies LLC related to the 2019 ATM. We received net proceeds of $14.4 million from the 2019 ATM. The net proceeds were used for working capital and corporate purposes. The last of such funds were utilized in 2020.

November 2018 ATM

On November 30, 2018 we entered into an open market sale agreement with Jefferies LLC pursuant to which Aurinia would be able to, from time to time, sell, through ATM offerings, Common Shares that would have an aggregate offering price of up to $30.0 million (the 2018 ATM). As of the first quarter of 2019, the agreement terminated as the maximum dollar amount of Common Shares were sold under the 2018 ATM. We received net proceeds of $28.8 million from the 2018 ATM. The net proceeds were used for working capital and corporate purposes. The last of such funds were utilized in 2020.

March 2017 Offering

On March 20, 2017, we completed an underwritten public offering of 25.64 million Common Shares, which included 3.35 million Common Shares issued pursuant to the full exercise of the underwriters' over allotment option to purchase additional Common Shares, for net proceeds of $162.3 million, which were used for R&D activities and for working capital and corporate purposes. The last of such funds were utilized in 2020.

A summary of the anticipated and actual use of net proceeds used to date from the above financings is set out in the table below.

Allocation of net proceeds	Total net proceeds from financings (in thousands)	Net proceeds used to date (in thousands)
March 20, 2017 Offering		
R&D Activities	$ 123,400	$ 123,400
Working capital and corporate purposes	38,924	38,924
	162,324	162,324
November 30, 2018 ATM facility	28,830	28,830
September 2019 ATM facility	14,371	14,371
December 2019 Public Offering:		
Pre-commercial and launch activities, working capital and corporate purposes	179,918	44,181
July 2020 Public Offering:		
Pre-commercial and launch related activities	$117,000 to $143,000	—
R&D activities	$28,000 to $34,000	—
Working capital and corporate purposes	$10,500 to $42,500	—
	187,700	—
Total	$ 573,143	$ 249,706

As of December 31, 2020, there have been no material variances from how we disclosed we were going to use the proceeds from the above noted offerings and thus no material impact on its ability to achieve our business objectives and milestones.

Contractual Obligations and Commitments

We have the following contractual obligations and commitments as of December 31, 2020:

	Payments due by period				
(in thousands)	**Total**	**Less than one year**	**One to three years**	**Four to five years**	**More than five years**
Operating leases	$ 16,028	$ 536	$ 1,962	$ 3,222	$ 10,308
Contractual obligations	144,058	19,741	24,992	31,784	67,541
Royalty obligation	15,000	294	3,113	2,269	9,324
Total contractual obligations	$ 175,086	$ 20,571	$ 30,067	$ 37,275	$ 87,173

We enter into contracts in the normal course of business with clinical trial sites and clinical supply manufacturers and with vendors for preclinical studies and other services and products for operating purposes. These contracts generally provide for termination after a notice period, and, therefore, are cancellable contracts and not included in the table above.

Off-Balance Sheet Arrangements

As of December 31, 2019 and 2020, we did not have any off-balance sheet arrangements, as such term is defined in Item 303(a)(4)(ii) of Regulation S-K under the Securities Act.

Item 7A. Quantitative and Qualitative Disclosures about Market Risks

Our activities can expose us to market risks which include foreign currency risk and interest rate risk. Risk management is carried out by management under policies approved by our board of directors. Our overall risk management program seeks to minimize adverse effects on our financial performance.

Interest rate risk

Financial assets and financial liabilities with variable interest rates expose us to cash flow interest rate risk. We manage our interest rate risk by maximizing the interest income earned on excess funds while maintaining the liquidity necessary to conduct operations on a day-to-day basis. Our investment portfolio includes cash and cash equivalents and investments that earn interest at market rates. Our investments held during the year were comprised of bonds and commercial paper with a maturity of less than two years. Accounts receivable, accounts payable and accrued liabilities bear no interest. We do not believe that the results of operations or cash flows would be affected to any significant degree by a sudden change in market interest rates relative to our investment portfolio.

Foreign currency risk

We are exposed to financial risk related to the fluctuation of foreign currency exchange rates. Foreign currency risk for the Company is the risk variations in exchange rates between the U.S. dollar and foreign currencies, primarily with the Canadian dollar, which could affect our operating and financial results.

A 10% increase of the Canadian dollar would have increased the net loss by $0.5 million assuming all other variables remained constant. An assumed 10% weakening of the Canadian dollar would have had an equal but opposite effect to the amounts shown above, on the basis all other variables remain constant.

Credit risk

Our exposure to credit risk generally consists of cash and cash equivalents, restricted cash, investments and receivables. We place our cash, cash equivalents and restricted cash with what we believe to be highly rated financial institutions and invest the excess cash in highly rated investments. Our investment policy limits investments to certain types of debt and money market instruments issued by institutions primarily with investment grade credit ratings and places restriction on maturities and concentrations by asset class and issuer.

ITEM 8. Financial Statements and Supplementary Data

The consolidated financial statements required in this item are set forth beginning on page F-1 of this Annual Report on Form 10-K.

Item 9. Changes in and Disagreements with Accountants on Accounting and Financial Disclosure

None.

Item 9A. Controls and Procedures

Evaluation of Disclosure Controls and Procedures

Our management, with the participation of our chief executive and financial officers (our principal executive officer and principal financial officer, respectively), evaluated the effectiveness of our disclosure controls and procedures, as defined in Rules 13a-15(e) and 15d-15(e) under the Exchange Act, as of the end of the period covered by this Annual Report on Form 10-K. The term "disclosure controls and procedures," as defined in Rules 13a-15(e) and 15d-15(e) under the Exchange Act, means controls and other procedures of a company that are designed to ensure that information required to be disclosed by a company in the reports that it files or submits under the Exchange Act is recorded, processed, summarized and reported within the time periods specified in the SEC's rules and forms. Disclosure controls and procedures include, without limitation, controls and procedures designed to ensure that information required to be disclosed by a company in the reports that it files or submits under the Exchange Act is accumulated and communicated to the company's management, including its principal executive and principal financial officers, as appropriate, to allow timely decisions regarding required disclosure.

Management recognizes that any controls and procedures, no matter how well designed and operated, can provide only reasonable assurance of achieving their objectives and management necessarily applies its judgment in evaluating the cost-benefit relationship of possible controls and procedures. Based on the evaluation of our disclosure controls and procedures as of December 31, 2020, our principal executive officer and principal financial officer concluded that, as of such date, our disclosure controls and procedures were effective at a reasonable assurance level.

Management's Annual Report on Internal Control Over Financial Reporting

Management is responsible for establishing and maintaining adequate internal control over financial reporting, as such term is defined in Rule 13a-15(f) under the Exchange Act. Our internal control over financial reporting is designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of consolidated financial statements for external purposes in accordance with generally accepted accounting principles.

Management has assessed the effectiveness of our internal control over financial reporting based on the framework set forth by the Committee of Sponsoring Organizations of the Treadway Commission (COSO) in Internal Control-Integrated Framework (2013 framework). Based on our evaluation, management has concluded that our internal control over financial reporting was effective as of December 31, 2020.

The effectiveness of our internal control over financial reporting has been audited by PricewaterhouseCoopers LLP (PwC) an independent registered public accounting firm, as stated in their attestation report herein, which appears in the "Index to Consolidated Financial Statements" in Part IV.

Inherent Limitations of Internal Controls

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risks that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Changes in Internal Control over Financial Reporting

We regularly review our system of internal control over financial reporting and make changes to our processes and systems to improve controls and increase efficiency, while ensuring that we maintain an effective internal control environment. Changes may include such activities as implementing new, more efficient systems, consolidating activities, and migrating processes. During the quarter ended December 31, 2020, there were no changes in our internal control over financial reporting that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

Item 9B. Other Information

None.

PART III

Item 10. Directors, Executive Officers, and Corporate Governance

The information required by this Item and not set forth below will be set forth in the section headed "—Election of Directors" and "Information Regarding the Board of Directors and Corporate Governance" in our definitive Proxy Statement for our 2021 Annual Meeting of Shareholders to be filed with the SEC by April 30, 2021 (our Proxy Statement) and is incorporated in this Annual Report by reference.

We have adopted a code of ethics for directors, officers (including our principal executive officer, principal financial officer and principal accounting officer) and employees, known as the Corporate Code of Ethics and Conduct. The Corporate Code of Ethics and Conduct is available on our website at *http://www.auriniapharma.com* under the Corporate Governance section of our Investors page. We will promptly disclose on our website (i) the nature of any amendment to the policy that applies to our principal executive officer, principal financial officer, principal accounting officer or controller, or persons performing similar functions and (ii) the nature of any waiver, including an implicit waiver, from a provision of the policy that is granted to one of these specified individuals, the name of such person who is granted the waiver and the date of the waiver. Shareholders may request a free copy of the Corporate Code of Ethics and Conduct from c/o Aurinia Pharmaceuticals Inc., #1203-4464 Markham St., Victoria, BC, V8Z 7X8, Attn: Corporate Secretary.

Item 11. Executive Compensation

The information required by this Item will be set forth in the section headed "Executive Compensation" in our Proxy Statement and is incorporated in this Annual Report by reference.

Item 12. Security Ownership of Certain Beneficial Owners and Management and Related Stockholder Matters

The information required by this Item will be set forth in the section headed "Security Ownership of Certain Beneficial Owners and Management" in our Proxy Statement and is incorporated in this Annual Report by reference.

Information regarding our equity compensation plans will be set forth in the section headed "Executive Compensation" in our Proxy Statement and is incorporated in this Annual Report by reference.

Item 13. Certain Relationships and Related Transactions and Director Independence

The information required by this Item will be set forth in the section headed "Transactions With Related Persons" in our Proxy Statement and is incorporated in this Annual Report by reference.

Item 14. Principal Accountant Fees and Services

The information required by this Item will be set forth in the section headed "—Ratification of Selection of Independent Registered Public Accounting Firm" in our Proxy Statement and is incorporated in this Annual Report by reference.

PART IV

Item 15. Financial Statement Schedules and Exhibits

a. We have filed the following documents as part of this Annual Report:

1. Consolidated Financial Statements.

The following financial statements are filed as part of this report:

Our consolidated financial statements are listed under Part II, Item 8. "Index to Consolidated Financial Statements" in this Annual Report.

2. Financial Statement Schedules

All financial statement schedules have been omitted because they are not applicable, not material or the required information is shown under Part II, Item 8. “Index to Consolidated Financial Statements” in this Annual Report.

3. Exhibits

The following exhibits, as required by Item 601 of Regulation S-K, which are incorporated herein by reference, are filed or furnished with this Annual Report, in each case as indicated therein.

		Incorporation by Reference			
Exhibit Number	**Description**	**Form**	**SEC File No.**	**Exhibit**	**Filing Date**
3.1*	Articles of Amalgamation, as amended, as currently in effect				
3.2	By Law No. 2, as currently in effect	S-8	333-239048	4.2	6/9/2020
4.1*	Form of Common Shares Certificate of the Company				
4.2	Reference is made to Exhibits 3.1 and 3.2				
4.3*	Description of the Registrant's Common Shares				
10.1+*	Form of Indemnity Agreement between the Registrant and each of its Directors and Executive Officers				
10.2+	Form of Option Commitment under the Stock Option Plan	S-8	333-216447	99.2	3/3/2017
10.3+	Equity Incentive Plan	S-8	333-239048	99.1	06/09/20
10.4**#	Collaboration and Licensing Agreement between the Registrant and Otuska Pharmaceutical Co. Ltd. dated December 17, 2020	6-K	001-36421	99.2	12/30/20
10.5*#	Manufacturing Services Agreement between the Registrant and Lonza Ltd. dated November 16, 2020				
10.6#	Lease agreement for space at 77 Upper Rock Circle, Rockville, MDbetween BOF II MD 77 Upper Rock LLC and Aurinia Pharma U.S. Inc. dated March 12, 2020				
10.7*#	Lease agreement for space at 2615-2629 Douglas Street, Victoria, BC between TC Evolution Limited Partnership and the Registrant dated August 12, 2020				
10.8*#	Lease agreement for space at Suite No. 1203 and No. 1201 Building No. 100, 4464 Markham Street Victoria, BC between University of Victoria Properties Investments, Inc. and the Registrant dated October 30, 2020				

10.9*#	Softgel Commercial Supply Agreement between the Registrant and Catalent Pharma Solutions, LLC dated August 28, 2020
10.10*	Settlement Agreement among ILJIN Life Science Co. Ltd., Isotechnika Pharma Inc., and Aurinia Pharmaceuticals Inc., dated April 3, 2013
10.11+*#	Employment Agreement between Aurinia Pharma U.S., Inc. and Peter Greenleaf dated April 11, 2019
10.12+*#	Employment Agreement between Aurinia Pharma U.S. Inc. and Max Colao dated February 10, 2020
10.13+*#	Employment Agreement between Aurinia Pharma U.S. Inc. and Max Donley dated July 15, 2019
10.14+*#	Employment Agreement between the Registrant and Robert Huizinga dated October 1, 2017
10.15+*#	Employment Agreement between the Registrant and Michael Martin dated October 1, 2017
10.16+*#	Employment Agreement between Aurinia Pharma U.S. Inc. and Joe Miller dated April 8, 2020
10.17+*#	Employment Agreement between the Registrant and Stephen Robertson dated September 29, 2020
10.18+*#	Employment Agreement between the Registrant and Neil Solomons dated October 1, 2017
10.19+*#	Separation Agreement between Aurinia Pharma U.S., Inc. and Erik Eglite dated October 26, 2020
10.20+*	Form of Inducement Grant Option Commitment
21.1*	List of Subsidiaries of Registrant
23.1*	Consent of PricewaterhouseCoopers LLP, Independent Registered Public Accounting Firm
24.1*	Power of Attorney (contained in signature page of this report)
31.1*	Certification of Principal Executive Officer and Principal Financial Officer Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002
32.1**	Certification of Principal Executive Officer and Principal Financial Officer Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002
101.INS*	Inline XBRL Instance Document - the instance document does not appear in the Interactive Data File because its XBRL tags are embedded within the Inline XBRL document
101.SCH*	Inline XBRL Taxonomy Extension Schema Document
101.CAL*	Inline XBRL Taxonomy Extension Calculation Linkbase Document
101.DEF*	Inline XBRL Taxonomy Extension Definition Linkbase Document
101.LAB*	Inline XBRL Taxonomy Extension Label Linkbase Document
101.PRE*	Inline XBRL Taxonomy Extension Presentation Linkbase Document
104	Cover Page Interactive Data File (formatted as Inline XBRL and contained in Exhibit 101)

* Filed herewith.

**	Furnished herewith. Exhibit 32.1 is being furnished and shall not be deemed to be "filed" for purposes of Section 18 of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), or otherwise subject to the liability of that section, nor shall such exhibit be deemed to be incorporated by reference in any registration statement or other document filed under the Securities Act of 1933, as amended, or the Exchange Act, except as otherwise specifically stated in such filing.
+	Indicates a management contract or compensatory plan.
#	Certain portions have been omitted pursuant to Item 601(b)(10)(iv) of Regulation S-K.

Item 16. Form 10-K Summary

None.

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, as amended, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

AURINIA PHARMACEUTICALS INC.

February 24, 2021

By: /s/ Peter Greenleaf
Peter Greenleaf
Chief Executive Officer
(Principal Executive Officer)

SIGNATURES AND POWER OF ATTORNEY

We, the undersigned directors and officers of Aurinia Pharmaceuticals Inc., hereby severally constitute and appoint Peter Greenleaf and Joseph Miller, and each of them singly, our true and lawful attorneys, with full power to them, and to each of them singly, to sign for us and in our names in the capacities indicated below, any and all amendments to this Annual Report on Form 10-K, and to file or cause to be filed the same, with all exhibits thereto and other documents in connection therewith, with the Securities and Exchange Commission, granting unto said attorneys, and each of them, full power and authority to do and perform each and every act and thing requisite and necessary to be done in connection therewith, as fully to all intents and purposes as each of us might or could do in person, and hereby ratifying and confirming all that said attorneys, and each of them, or their substitute or substitutes, shall do or cause to be done by virtue of this Power of Attorney.

Pursuant to the requirements of the Securities Exchange Act of 1934, as amended, this report has been signed below by the following persons on behalf of the registrant and in the capacities and on the dates indicated.

Name	Title	Date
/s/ Peter Greenleaf Peter Greenleaf	Chief Executive Officer, Director *(Principal Executive Officer)*	February 24, 2021
/s/ Joseph Miller Joseph Miller	Chief Financial Officer *(Principal Financial and Accounting Officer)*	February 24, 2021
/s/ George M. Milne, Jr. Ph.D. George M. Milne, Jr., Ph.D.	Chairman	February 24, 2021
/s/ Daniel Billen, Ph.D. Daniel Billen, Ph.D.	Director	February 24, 2021
/s/ R. Hector MacKay-Dunn, J.D., Q.C. R. Hector MacKay-Dunn, J.D., Q.C.	Director	February 24, 2021
/s/ Joseph P. Hagan Joseph P. Hagan	Director	February 24, 2021
/s/ Michael Hayden, C.M., OBC, MB, ChB, Ph.D., FRCP(C), FRSC Michael Hayden, C.M., OBC, MB, ChB, Ph.D., FRCP(C), FRSC	Director	February 24, 2021
/s/ David R.W. Jayne, M.D., FRCP, FRCPE, FMedSci David R.W. Jayne, M.D., FRCP, FRCPE, FMedSci	Director	February 24, 2021
/s/ Jill Leversage Jill Leversage	Director	February 24, 2021
/s/ Timothy P. Walbert Timothy P. Walbert	Director	February 24, 2021

Report of Independent Registered Public Accounting Firm

To the Shareholders and Board of Directors of Aurinia Pharmaceuticals Inc.

Opinions on the Financial Statements and Internal Control over Financial Reporting

We have audited the accompanying consolidated balance sheets of Aurinia Pharmaceuticals Inc. and its subsidiaries (together, the Company) as of December 31, 2020 and 2019, and the related consolidated statements of operations and comprehensive loss, shareholders' equity and cash flows for each of the three years in the period ended December 31, 2020, including the related notes (collectively referred to as the consolidated financial statements). We also have audited the Company's internal control over financial reporting as of December 31, 2020, based on criteria established in *Internal Control – Integrated Framework* (2013) issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO).

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of the Company as of December 31, 2020 and 2019, and the results of its operations and its cash flows for each of the three years in the period ended December 31, 2020 in conformity with accounting principles generally accepted in the United States of America. Also in our opinion, the Company maintained, in all material respects, effective internal control over financial reporting as of December 31, 2020, based on criteria established in *Internal Control – Integrated Framework* (2013) issued by the COSO.

Basis for Opinions

The Company's management is responsible for these consolidated financial statements, for maintaining effective internal control over financial reporting, and for its assessment of the effectiveness of internal control over financial reporting, included in the accompanying Management's Annual Report on Internal Control over Financial Reporting. Our responsibility is to express opinions on the Company's consolidated financial statements and on the Company's internal control over financial reporting based on our audits. We are a public accounting firm registered with the Public Company Accounting Oversight Board (United States) (PCAOB) and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement, whether due to error or fraud, and whether effective internal control over financial reporting was maintained in all material respects.

Our audits of the consolidated financial statements included performing procedures to assess the risks of material misstatement of the consolidated financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the consolidated financial statements. Our audits also

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included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements. Our audit of internal control over financial reporting included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. Our audits also included performing such other procedures as we considered necessary in the circumstances. We believe that our audits provide a reasonable basis for our opinions.

Definition and Limitations of Internal Control over Financial Reporting

A company's internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal control over financial reporting includes those policies and procedures that (i) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (ii) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (iii) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Critical Audit Matters

The critical audit matter communicated below is a matter arising from the current period audit of the consolidated financial statements that was communicated or required to be communicated to the audit committee and that (i) relates to accounts or disclosures that are material to the consolidated financial statements and (ii) involved our especially challenging, subjective, or complex judgments. The communication of critical audit matters does not alter in any way our opinion on the consolidated financial statements, taken as a whole, and we are not, by communicating the critical audit matter below, providing a separate opinion on the critical audit matter or on the accounts or disclosures to which it relates.

Measurement of the royalty obligation

As described in Notes 2 and 14 to the consolidated financial statements, the royalty obligation is the result of a resolution of the board of directors of the Company dated March 8, 2012 whereby certain executive officers at that time (former executive officers) were provided with future potential employee benefit obligations for remaining with the Company, for a certain period of time, and this obligation was also contingent on the occurrence of uncertain future events. The obligation was recorded once the specified events were deemed probable to occur. The royalty obligation amounted to $15 million as of December 31, 2020. The royalty obligation is based on an income approach using an internal risk-adjusted net present value of the future royalty payments to be made to the former executive officers

which are based on the future net revenues for voclosporin (the model). The royalty rates applied to the net revenue are dependent on the type of net revenue earned. Significant judgments and estimates are used in determining the royalty obligation which include the determination of significant assumptions with respect to net pricing, number of patients being treated, and discount rate. Management developed the net pricing, number of patients being treated, and discount rate with the assistance of an internal scientific team and third party consultants (management's specialists).

The principal considerations for our determination that performing procedures relating to measurement of the royalty obligation is a critical audit matter are (i) the significant judgment by management, including the use of management's specialists, when determining the significant assumptions, which in turn led to; (ii) a high degree of auditor judgment, subjectivity, and effort in performing procedures and evaluating the reasonableness of the significant assumptions used by management and management's specialists in determining the royalty obligation; and (iii) the audit effort involved the use of professionals with specialized skill and knowledge.

Addressing the matter involved performing procedures and evaluating audit evidence in connection with forming our overall opinion on the consolidated financial statements. These procedures included testing the effectiveness of controls relating to the measurement of the royalty obligation, including controls over management's development of the net pricing, number of patients being treated, and discount rate assumptions utilized in the measurement of the royalty obligation. These procedures also included, among others (i) evaluating and testing management's process for determining the royalty obligation; (ii) evaluating the appropriateness of the model used; and (iii) testing the completeness and accuracy of underlying data used in the determination of the royalty obligation. The work of management's specialists was used in performing the procedures to evaluate the reasonableness of the significant assumptions relating to net pricing and number of patients being treated. As a basis for using this work, the qualifications of management's specialists were understood and the Company's relationship with management's specialists was assessed. The procedures performed also included evaluation of the model and assumptions used by management's specialists, tests of the data used by management's specialists, and an evaluation of the findings of management's specialists. The evaluation of net pricing and number of patients being treated included considering available industry and third-party data, including scientific and market studies, that management's specialists used. Professionals with specialized skill and knowledge were used to assist in the evaluation of the Company's discount rate assumption.

/s/PricewaterhouseCoopers LLP

Chartered Professional Accountants

Edmonton, Canada
February 24, 2021

We have served as the Company's auditor since at least 1997. We have not been able to determine the specific year we began serving as auditor of the Company.

AURINIA PHARMACEUTICALS INC. AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS

(in thousands)	Note	As of December 31, 2020	2019
Assets			
Current assets:			
Cash and cash equivalents	**(2)**	**$ 272,350**	$ 306,019
Short term investments	**(4)**	**125,979**	—
Accrued interest and other receivables	**(6)**	**1,018**	368
Inventories	**(2)**	**13,927**	—
Prepaid expenses and deposits		**6,153**	8,750
Total current assets		**419,427**	315,137
Non-current assets:			
Long term investments	**(4)**	**24,380**	—
Other non-current assets		**247**	209
Property and equipment, net	**(7)**	**4,786**	93
Acquired intellectual property and other intangible assets, net	**(8)**	**9,332**	8,862
Right of use asset	**(15)**	**5,489**	—
Total assets		**$ 463,661**	$ 324,301
Liabilities and Shareholders' Equity			
Current liabilities:			
Accounts payable and accrued liabilities	**(9)**	**24,797**	11,177
Other current liabilities (of which $6,000 due to related party in 2020)	**(19)**	**6,118**	118
Operating lease liability	**(15)**	**788**	—
Royalty obligation	**(14)**	**294**	—
Total current liabilities		**31,997**	11,295
Non-current liabilities:			
Other non-current liabilities (of which $6,000 due to related party in 2019)		**1,589**	6,206
Operating lease liability	**(15)**	**7,619**	—
Royalty obligation	**(14)**	**14,706**	8,200
Total liabilities		**55,911**	25,701
Commitments and Contingencies	**(13)**		
Shareholders' Equity:			
Common shares - no par value, unlimited shares authorized, 126,725 and 111,798 shares issued and outstanding at December 31, 2020 and 2019, respectively	**(16)**	**944,328**	746,487
Additional paid-in capital	**(16)**	**39,383**	25,394
Accumulated other comprehensive loss	**(16)**	**(805)**	(805)
Accumulated deficit	**(16)**	**(575,156)**	(472,476)
Total shareholders' equity		**407,750**	298,600
Total liabilities and shareholders' equity		**$ 463,661**	$ 324,301

The accompanying notes are an integral part of these consolidated financial statements.

AURINIA PHARMACEUTICALS INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF OPERATIONS AND COMPREHENSIVE LOSS

(in thousands, except per share data)	Note	Years ended December 31, 2020	2019	2018
Revenues:				
Licensing revenue	**(2)**	**$ 50,118**	$ 318	$ 118
Contract revenue	**(2)**	**—**	—	345
Total revenues		**50,118**	318	463
Operating expenses:				
Research and development	**(2)**	**50,327**	52,866	41,382
General and administrative	**(2)**	**95,983**	22,338	13,694
Amortization of intangible assets	**(2)**	**1,289**	1,138	1,293
Other expenses (income), net	**(2)**	**6,809**	14,919	(666)
Total operating expenses		**154,408**	91,261	55,703
Loss from operations		**(104,290)**	(90,943)	(55,240)
Interest income		**1,516**	2,702	2,234
Net loss before income taxes		**(102,774)**	(88,241)	(53,006)
Income tax benefit (expense)	**(12)**	**94**	(144)	(73)
Net loss and comprehensive loss		**(102,680)**	(88,385)	(53,079)
Basic and diluted loss per common share	**(18)**	**$ (0.87)**	$ (0.95)	$ (0.63)
Weighted-average Common Shares outstanding used in computation of basic and diluted loss per share	**(18)**	**118,473**	93,024	84,782

The accompanying notes are an integral part of these consolidated financial statements.

AURINIA PHARMACEUTICALS INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF SHAREHOLDERS' EQUITY

(in thousands)	Note	Common Shares		Additional Paid-In Capital	Accumulated other comprehensive loss	Accumulated Deficit	Total Shareholders' Deficit
		Shares	Amount				
Balance - January 1, 2018		84,052	$ 483,294	$ 26,445	$ (805)	$ (331,012)	$ 177,922
Exercise of warrants	**(16)**	1,172	3,977	(906)	—	—	3,071
Exercise of stock options	**(17)**	276	1,473	(530)	—	—	943
Stock-based compensation	**(17)**	—	—	6,860	—	—	6,860
Net loss		—	—	—	—	(53,079)	(53,079)
Balance - December 31, 2018		85,500	$ 488,744	$ 31,869	$ (805)	$ (384,091)	$ 135,717
Issue of common shares	**(16)**	19,735	236,747	—	—	—	236,747
Share issue costs	**(16)**	—	(13,629)	—	—	—	(13,629)
Exercise of warrants	**(16)**	2,983	12,428	(5,440)	—	—	6,988
Exercise of stock options	**(17)**	3,580	22,197	(8,449)	—	—	13,748
Stock-based compensation	**(17)**	—	—	7,414	—	—	7,414
Net loss		—	—	—	—	(88,385)	(88,385)
Balance - December 31, 2019		111,798	$ 746,487	$ 25,394	$ (805)	$ (472,476)	$ 298,600
Issuance of common shares	**(16)**	**13,333**	**200,000**	**—**	**—**	**—**	**200,000**
Share issue costs	**(16)**	**—**	**(12,268)**	**—**	**—**	**—**	**(12,268)**
Exercise of warrants	**(16)**	**1**	**2**	**(1)**	**—**	**—**	**1**
Exercise of stock options	**(17)**	**1,593**	**10,107**	**(3,464)**	**—**	**—**	**6,643**
Stock-based compensation	**(17)**	**—**	**—**	**17,454**	**—**	**—**	**17,454**
Net loss		**—**	**—**	**—**	**$ —**	**(102,680)**	**(102,680)**
Balance - December 31, 2020		**126,725**	**$ 944,328**	**$ 39,383**	**(805)**	**$ (575,156)**	**$ 407,750**

The accompanying notes are an integral part of these consolidated financial statements.

AURINIA PHARMACEUTICALS INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS

(in thousands)	Note	Years ended December 31, 2020	2019	2018
Cash flows from operating activities:				
Net loss		(102,680)	(88,385)	(53,079)
Adjustments to reconcile consolidated net loss to net cash used in operating activities:				
Depreciation of property and equipment	**(7)**	**82**	33	20
Amortization of intangible assets	**(8)**	**1,289**	1,138	1,293
Royalty obligation expense	**(14)**	**6,800**	8,200	—
Share-based compensation	**(17)**	**17,454**	7,414	6,860
Other, net		**2,677**	5,986	(706)
Net changes in operating assets and liabilities:				
Accrued interest and other receivables		**(650)**	(151)	(108)
Inventories	**(2)**	**(13,927)**	—	—
Prepaid expenses and deposits		**2,559**	(1,826)	(5,004)
Right of use assets	**(15)**	**(5,489)**	—	—
Accounts payable and accrued liabilities	**(9)**	**13,620**	4,006	(887)
Lease liabilities	**(15)**	**8,407**	—	—
Net cash used in operating activities		**(69,858)**	(63,585)	(51,611)
Cash flows from investing activities:				
Proceeds on disposal/maturity of short-term debt securities	**(4)**	**52,108**	7,884	36,093
Purchase of short-term debt securities	**(4)**	**(202,951)**	—	(36,084)
Purchase of long-lived assets		**(5,584)**	(85)	(74)
Purchase of cloud based arrangements		**(1,675)**	—	—
Capitalized patent costs		**(84)**	(16)	—
Net cash used in investing activities		**(158,186)**	7,783	(65)
Cash flows from financing activities:				
Proceeds from issuance of common shares pursuant to Public Offering, net of issuance costs	**(16)**	**187,732**	223,118	—
Proceeds from exercise of share options	**(16)**	**6,642**	13,748	943
Proceeds from exercise of warrants	**(16)**	**1**	6,988	3,071
Net cash provided by financing activities		**194,375**	243,854	4,014
Net (decrease) increase in cash and cash equivalents during the year		**(33,669)**	188,052	(47,662)
Cash and cash equivalents, beginning of the year		**306,019**	117,967	165,629
Cash and cash equivalents, end of the year		**$ 272,350**	$ 306,019	$ 117,967
Supplemental cash flow information:				
Non-cash investing and financing activities:				
Cash paid for legal settlement		**$ —**	$ 100	$ —
Cash received for interest		**$ 1,884**	$ 2,619	$ 2,148
Cash paid for taxes		**$ 261**	$ 59	$ —

The accompanying notes are an integral part of these consolidated financial statements.

1. Organization and Description of Business

Aurinia Pharmaceuticals Inc. (Aurinia) or the Company is a commercial-stage biopharmaceutical company focused on developing and commercializing therapies to treat targeted patient populations that are suffering from serious diseases with a high unmet medical need. The Company has developed LUPKYNIS, an investigational drug, for the treatment of adult patients with active LN and continues to conduct pre-clinical, clinical, and regulatory advancement to support the voclosporin development program.

Aurinia's head office is located at #1203-4464 Markham Street, Victoria, British Columbia, Canada and its registered office is located at #201, 17873-106 A Avenue, Edmonton, Alberta. Aurinia also has a U.S. Commercial office located at 77 Upper Rock Circle, Rockville, Maryland, United States.

Aurinia is incorporated pursuant to the Business Corporations Act (Alberta). The Company's common shares are currently listed and traded on the Nasdaq Global Market (Nasdaq) under the symbol AUPH and on the Toronto Stock Exchange (TSX) under the symbol AUP.

These consolidated financial statements include the accounts of the Company and its wholly owned subsidiaries, Aurinia Pharma U.S., Inc. (Delaware incorporated) and Aurinia Pharma Limited (UK incorporated).

2. Summary of Significant Accounting Policies

Basis of presentation: The Company follows accounting standards established by the Financial Accounting Standards Board (FASB) to ensure consistent reporting of financial condition, results of operations, and cash flows. References to generally accepted accounting principles (GAAP) or U.S. GAAP in these footnotes are to the FASB Accounting Standards Codification (ASC or the Codification). Previously, the Company prepared its consolidated financial statements under International Financial Reporting Standards (IFRS) as permitted by securities regulators in Canada, as well as in the United States under the status of a Foreign Private Issuer as defined by the United States Securities and Exchange Commission (SEC). At the end of the second quarter of 2020, the Company determined that it no longer qualified as a Foreign Private Issuer under the SEC rules. As a result, beginning January 1, 2021 the Company is required to report with the SEC on domestic forms and comply with domestic company rules in the United States. The transition to U.S. GAAP was made retrospectively for all periods from the Company's inception. New accounting standards implemented subsequent to January 1, 2018 were adopted on their required adoption date.

Principles of consolidation: These financial statements present the consolidated financial position of the Company and its wholly owned subsidiaries as of December 31, 2020 and 2019, and the results of operations and cash flows for the three years ended December 31, 2020, 2019 and 2018. All significant intercompany accounts and transactions have been eliminated in consolidation.

Use of estimates: The preparation of financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results may differ from those estimates.

Segment information: The Company operates in one operating segment engaged in the research, development and commercialization of therapeutic drugs in which revenues are derived from license, contract and product revenues. Operating segments are defined as components of an enterprise where separate financial information is evaluated regularly by the chief operating decision maker, the chief executive officer, in deciding how to allocate resources and assessing performance. The chief operating decision maker allocates resources and assesses performance based upon discrete financial information at the consolidated level.

Fair value measurements: The Company's financial instruments consist primarily of cash and cash equivalents, short-term investments, accounts receivable, accounts payable and accrued liabilities. The Company has determined the carrying values of these financial instruments approximate their fair value because of the relatively short period to maturity of the instruments.

Financial assets and liabilities are categorized based on the lowest level of input that is significant to the fair value measurement. The Company's assessment of the significance of a particular input to the fair value measurement requires judgment and may affect the valuation of the fair value of assets and liabilities and their placement within the fair value hierarchy levels.

Concentration of credit risk: Financial instruments, which potentially subject the Company to significant concentrations of credit risk, consist primarily of cash and cash equivalents and short term investments. The Company attempts to minimize the risks related to cash and cash equivalents and investments by investing in a broad and diverse range of financial instruments. The Company established guidelines related to credit ratings and maturities intended to safeguard principal balances, earn a return on investments and to maintain liquidity. The Company's investment portfolio is maintained in accordance with its investment policy, which defines allowable investments, specifies credit quality standards and limits the credit exposure of any single issuer. The Company does not enter into any investment transaction for trading or speculative purposes.

The Company's investment policy limits investments to certain types of instruments such as certificates of deposit, money market instruments, obligations issued by the U.S. government and U.S. government agencies as well as corporate debt securities, and places restrictions on maturities and concentration by type and issuer. The Company may at times maintain cash balances in excess of amounts insured by the Federal Deposit Insurance Corporation and concentrated within a limited number of financial institutions. The accounts are monitored by management to mitigate the risk. The Company is exposed to financial risk related to the fluctuation of foreign currency exchange rates which could have a material effect on its future operating results or cash flows. Foreign currency risk is the risk that variations in exchange rates between the United States dollar and foreign currencies, primarily with the Canadian dollar, will affect the Company's operating and financial results. The Company holds the majority of its cash and cash equivalents in US dollars and the majority of its expenses, including clinical trial costs are also denominated in US dollars, which mitigates the risk of material foreign exchange fluctuations.

The Company currently anticipates to have 3 main customers and 1 rest of world partner for sales of LUPKYNIS. The Company monitors economic conditions, the creditworthiness of customers and government regulations and funding, both domestically and abroad. The Company regularly communicates with its customers regarding the status of receivable balances, including their payment plans and obtains positive confirmation of the validity of the receivables. An allowance against accounts receivable is established when it is probable they will not be collected. Global economic conditions and customer-specific factors may require the Company to periodically re-evaluate the collectability of its receivables and the Company could potentially incur credit losses.

COVID-19: U.S. GAAP requires management to make estimates and assumptions that affect amounts reported in the annual consolidated financial statements and accompanying notes. The annual consolidated financial statements reflect all adjustments of a normal, recurring nature that are, in the opinion of management, necessary for a fair presentation of results for these interim periods. The full extent to which the novel coronavirus (COVID-19) pandemic will directly or indirectly impact the Company's estimates related to income taxes (Note 12), royalty obligation (Note 14), leases (Note 15), share based compensation (Note 17) or results of operations will depend on future developments that are uncertain at this time. As events continue to evolve and additional information becomes available, the Company's estimates may change materially in future periods.

Cash and cash equivalents: The Company considers all highly liquid investments with an original maturity of three months or less when purchased to be cash equivalents. Cash and cash equivalents consist primarily of money market funds and bank money market accounts and are stated at cost, which approximate fair value. Cash and cash equivalents totaled $272.4 million as of December 31, 2020. The Company has invested its cash reserves in short term U.S. dollar denominated, fixed rate, highly liquid and highly rated financial instruments such as treasury notes, banker acceptances, bank bonds, and term deposits.

Investments: The Company classifies its debt securities as either held to maturity or available-for-sale in accordance with the Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) Topic 320, *Investments — Debt Securities.* Investments classified as held to maturity are carried at amortized cost when management has the positive intent and ability to hold them to maturity. Investments classified as available-for-sale are carried at fair value with unrealized gains and losses reported in other comprehensive income/loss within shareholders' equity. Realized gains and losses on held to maturity and available-for-sale securities are recorded in other income (expense), net. Interest income (expense) is recorded separately on the consolidated statements of operations. The cost of securities sold is based on the specific-identification method.

Accounts receivable: Accounts receivables are stated at their net realizable value. Estimates of the Company's allowance for doubtful accounts are determined based on existing contractual payment terms, historical payment patterns of our customers and individual customer circumstances. Historically, the amounts of uncollectible accounts receivable that have been written off have been insignificant. The allowance for doubtful accounts was $0 as of December 31, 2020, 2019 and 2018.

Functional currency: The functional currency for the Company and all of its foreign subsidiaries is determined to be the U.S. dollar, therefore there is no currency translation adjustment upon consolidation as the translation is recorded in the income statement. All assets and liabilities denominated in a foreign currency are translated into U.S. dollars at the exchange rate on the balance sheet date. Revenues and expenses are translated at the average exchange rate during the period. Equity transactions are translated using historical exchange rates. Foreign exchange gains and losses arising on translation or settlement of a foreign currency denominated monetary item are included in the consolidated statements of operations.

Intangible assets: Intangible assets are amortized over their useful lives using methods that correlate to the pattern in which the economic benefits are expected to be realized. All intangible assets are amortized on a straight-line basis. Implementation costs related to a hosting arrangement that is a service contract will be amortized over the term of the hosting arrangement, beginning when the module or component of the hosting arrangement is ready for its intended use. The Company evaluates the estimated remaining useful life of its intangible assets and whether events or changes in circumstances warrant a revision to the remaining period of amortization. The carrying amounts of these assets are periodically reviewed for impairment whenever events or changes in circumstances indicate that the carrying value of these assets may not be recoverable. Refer to the long-lived assets section below for impairment considerations.

Acquired intellectual property and patents
External patent costs specifically associated with preparing, filing, obtaining and protecting patents are capitalized and amortized straight-line over the shorter of the estimated useful life and the patent life, commencing in the year of the grant of the patent. Other intellectual property expenditures are recorded as research and development expenses on the consolidated statements of operations as incurred. Patents do not contain the option to extend or renew.

Separately acquired intellectual property is shown at historical cost. The initial recognition of a reacquired right is recognized as an intangible asset measured on the basis of the remaining contractual term of the related contract. If the terms of the contract giving rise to a reacquired right are favorable relative to the terms of current market transactions for the same or similar items, the difference is recognized as a gain or loss in the consolidated statements of operations and comprehensive loss. Purchased intellectual property and reacquired rights are capitalized and amortized on a straight-line basis in the consolidated statements of operations and comprehensive loss over periods ranging from 10 to 20 years.

Implementation costs of a hosting arrangement that is a service contract
The Company’s costs associated with implementing cloud computing arrangements have been capitalized as implementation costs of hosting arrangements that are service contracts. Costs capitalized include external direct costs of materials and services consumed in developing or obtaining the internal-use software, including fees paid to third parties for services to develop software during the application development stage, costs incurred to obtain software from third parties and travel expenses directly associated with developing the enterprise resource planning system. Subsequent development costs incurred are capitalized to the extent that they provide additional functionality or a new territory to the existing software and hosting arrangement.

Property, plant and equipment: Property, plant and equipment are recorded at cost. Expenditures for additions and betterments are capitalized. Expenditures for maintenance and repairs are charged to expense as incurred; however, maintenance and repairs that improve or extend the life of existing assets are capitalized. The carrying amount of assets disposed of and the related accumulated depreciation are eliminated from the accounts in the year of disposal. Gains or losses from property and equipment disposals are recognized in the year of disposal. Property, plant and equipment is depreciated using the straight-line method over the following estimated useful lives:

Office equipment and furniture	5 years
Computer equipment and software	3 years

Leasehold improvements are amortized over the lesser of the expected lease term or the estimated useful life of the improvement.

Recoverability and impairment of long-lived assets: ASC Topic 360 requires long-lived assets, including definite-lived intangible assets, to be evaluated for impairment when events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. The judgments made related to the expected useful lives of long-lived assets, definitions of lease terms and the Company's ability to realize undiscounted cash flows in excess of the carrying amounts of these assets are affected by factors such as the ongoing maintenance and improvements of the assets, changes in economic conditions, changes in usage or operating performance and other factors. If indicators are present, assets are grouped to the lowest level for which identifiable cash flows are largely independent of other asset groups and cash flows are estimated for each asset group over the remaining estimated life of each asset group. If the undiscounted cash flows estimated to be generated by the asset group are less than the asset's carrying amount, impairment is recognized in the amount of excess of the carrying value over the fair value. The Company recorded no asset impairment charges during the years ended December 31, 2020, 2019 and 2018.

Leases: The Company assesses all contracts at inception to determine whether a lease exists. The Company's leases are all classified either as operating or finance leases per ASC 842. Certain leases have lease and non-lease components, which are accounted for as a single lease component.

The Company leases office space under operating leases that typically provide for the payment of minimum annual rentals and may include scheduled rent increases. The Company also entered into a manufacturing agreement that contained an embedded lease of a dedicated manufacturing facility that will be accounted for as a financing lease once lease commencement begins (see Note 15).

The Company adopted ASC Topic 842 on January 1, 2019, which requires lessees to recognize the following for all leases (with the exception of short-term leases) at the commencement date: (1) a lease liability, which is a lessee's obligation to make lease payments arising from a lease, measured on a discounted basis; and (2) a right-of-use asset (ROU asset), which is an asset that represents the lessee's right to use, or control the use of, a specified asset for the lease term. ASC 842 also requires lessees to classify leases as either finance or operating leases based on whether or not the lease is effectively a financed purchase of the leased asset by the lessee. This classification is used to evaluate whether the lease expense should be recognized based on an effective interest method or on a straight-line basis over the term of the lease.

The Company elected, for all asset classes, the practical expedient that allows lessees to treat the lease and non-lease components of leases as a single lease component. Leases with an initial term of 12 months or less are not recorded on the Company's consolidated balance sheet, and fixed costs associated with these arrangements are disclosed in Note 15 of the financial statements.

The Company has elected to recognize lease incentives, such as tenant improvement allowances, at the lease commencement date as a reduction of the ROU asset and lease liability until paid to the Company by the lessor, to the extent that the lease provides a specified fixed or maximum level of reimbursement, and the Company is reasonably certain to incur reimbursable costs at least equaling such amounts.

Operating lease ROU assets and lease liabilities are recognized at commencement date based on the present value of lease payments over the lease term. The Company used the incremental borrowing rate for all of its leases, as the implicit interest rate was not readily determinable. In determining the Company's incremental borrowing rate of each lease, the Company considered recent rates on secured borrowings, observable risk-free interest rates and credit spreads correlating to the Company's creditworthiness, the impact of collateralization and the term of each of the Company's lease agreements. The lease terms range from 12 to 128 months.

The table in Note 15 provides supplemental balance sheet information related to the operating lease ROU assets and lease liabilities.

Royalty obligation: The Company has recorded a royalty obligation in liabilities for estimated future employee benefits relating to applicable historical employment arrangements. Pursuant to ASC Topic 710, the Company recognizes future royalty benefits provided by employee retention arrangements, as a royalty obligation, which is recognized when the Company determines that it is probable to make future payments.

Initially, these obligations are measured at the present value of expected future payments to be made in respect of services provided by employees up to the end of the reporting periods. Subsequent re-measurements as a result of performance obligations met by the Company or changes in assumptions are recognized in the consolidated statement of operations.

The Company is required to use judgment to determine the most appropriate model to use to measure the obligation and is required to use significant judgment and estimates in determining the inputs into the model. The royalty obligation is based on an income approach using an internal risk-adjusted net present value of the future royalty payments to be made to the former executive officers which are based on the future net revenues for voclosporin. The royalty rates applied to the net revenue are dependent on the type of net revenue earned. There are multiple unobservable inputs. The determination of this royalty obligation is subject to significant judgments and estimates in determining the significant assumptions including:

- Net pricing - this includes the established WAC pricing of the product and estimates of payor and channel mix (which include government rebates, customer discounts and co-payment programs) and annual price escalations of the product.
- Number of patients being treated - this includes various inputs including the number of patients receiving treatment, market penetration, time to peak market penetration, speed of response to treatment, duration of treatment, patient adherence, dosing adjustments according to the approved product labeling and the timing of generics and competitors entering the market.
- Discount rate - the rate used to derive the present value of future cash flows based on the Company's estimated cost of equity rate.

Management developed the model and inputs in conjunction with their internal scientific team and utilized third party scientific studies, information provided by third party consultants engaged by the Company and research papers as sources to develop their inputs. Management believes the liability is based on reasonable assumptions, however these assumptions may be incomplete or inaccurate and unanticipated events and circumstances may occur. There are numerous significant inputs into the model all of which individually or in combination result in a material change to the obligation.

Contingencies: In the normal course of business, the Company may be subject to loss contingencies, such as legal proceedings, amounts arising from contractual arrangements and claims arising out of the Company's business that cover a wide range of matters, including, among others, government investigations, shareholder lawsuits, product and environmental liability, and tax matters. In accordance with ASC Topic 450, *Accounting for Contingencies*, (ASC 450), the Company records accruals for such loss contingencies when it is probable that a liability will be incurred, and the amount of loss can be reasonably estimated. The Company, in accordance with this guidance, does not recognize gain contingencies until realized.

Revenue Recognition: Pursuant to Accounting Standards Codification Topic 606, *Revenue from Contracts with Customers* (ASC 606), the Company recognizes revenue when a customer obtains control of promised goods or services. The Company records the amount of revenue that reflects the consideration that it expects to receive in exchange for those goods or services. Revenue is recognized through a five-step process: (i) identify the contract(s) with a customer; (ii) identify the performance obligations in the contract; (iii) determine the transaction price; (iv) allocate the transaction price to the performance obligations in the contract; and (v) recognize revenue when (or as) a performance obligation is satisfied. The Company only applies the five-step model to contracts when it is probable that the Company will collect the consideration it is entitled to in exchange for the goods or services it transfers to the customer. At contract inception, the Company assesses the goods or services promised within each contract and determines those that are performance obligations. Revenue is recognized for the applicable performance element when each distinct performance obligation is satisfied.

Product Revenues

In the United States (and territories), the Company sells LUPKYNIS primarily to specialty pharmacies and specialty distributors. These customers subsequently resell the Company's products to health care providers and patients. Revenues from product sales are recognized when the customer obtains control of our product, which occurs at a point in time, typically upon delivery to the customer.

Reserves for discounts and allowances: Product sales are recorded at the net sales price (transaction price), which includes estimates of variable consideration for which reserves are established. These reserves are based on estimates of the amounts

earned or to be claimed on the related sales and are classified as reductions of accounts receivable (if the amount is payable to our customer) or a liability (if the amount is payable to a party other than our customer). The Company's estimates of reserves established for variable consideration are calculated based upon utilizing the expected value method. The transaction price, which includes variable consideration reflecting the impact of discounts and allowances, may be subject to constraint and is included in the net sales price only to the extent that it is probable that a significant reversal of the amount of the cumulative revenues recognized will not occur in a future period. Actual amounts may ultimately differ from the Company's estimates. If actual results vary, the Company adjust these estimates, which could have an effect on earnings in the period of adjustment.

More specifically, these adjustments include the following:

Prompt Pay Discounts: The Company generally provides invoice discounts on product sales to its customers for prompt payment. The Company estimates that its customers will earn these discounts and fees, and deducts the full amount of these discounts and fees from its gross product revenues and accounts receivable at the time such revenues are recognized.

Customer Fees: The Company pays certain customer fees, such as fees for certain data that customers provide to the Company. The Company records fees paid to its customers as a reduction of revenue, unless the payment is for a distinct good or service from the customer and the Company can reasonably estimate the fair value of the goods or services received. If both conditions are met, the Company records the consideration paid to the customer as a G&A expense.

Government Rebates: The Company estimates its government rebates, primarily Medicaid and Medicare rebates based upon a range of possible outcomes that are probability-weighted for the estimated payor mix. These reserves are recorded in the same period the related revenue is recognized, resulting in a reduction of product revenue and the establishment of a current liability that is included in accrued expenses on the consolidated balance sheet.

Medicaid rebates relate to the Company's estimated obligations to states under established reimbursement arrangements. Rebate accruals are recorded in the same period that the related revenue is recognized, resulting in a reduction of product revenue and the establishment of a liability, which is included in other current liabilities. The Company's liability for Medicaid rebates consists of estimates for claims that a state will make for the current quarter, claims for prior quarters that have been estimated for which an invoice has not been received, invoices received for claims from the prior quarters that have not been paid and an estimate of potential claims that will be made for inventory that exists in the distribution channel at period end.

For Medicare, the Company also estimates the number of patients in the prescription drug coverage gap for whom the Company will owe an additional liability under the Medicare Part D program. The Company’s liability for these rebates consists of invoices received for claims from prior quarters that have not been paid or for which an invoice has not yet been received, estimates of claims for the current quarter, and estimated future claims that will be made for product that has been recognized as revenue, but remains in the distribution channel inventories at the end of each reporting period.

Co-payment Assistance: Co-payment assistance represents financial assistance to qualified patients, assisting them with prescription drug co-payments required by insurance. The program is administered by the Specialty Pharmacies. The calculation of the accrual for co-payment assistance is based on the co-payments made on the Company's behalf by the Specialty Pharmacies.

License, Collaboration and Other Revenues

The Company enters into out-licensing agreements that are within the scope of ASC 606, under which it licenses certain rights to its product candidates to third parties. The terms of these arrangements typically include payment to the Company of one or more of the following: non-refundable, up-front license fees; development, regulatory and commercial milestone payments, payments for manufacturing supply services the Company provides through its contract manufacturers, and royalties on net sales of licensed products. Each of these payments results in license, collaboration and other revenues, except for revenues from royalties on net sales of licensed products, which are classified as royalty revenues.

In determining the appropriate amount of revenue to be recognized as it fulfills its obligations under each of its agreements, the Company performs the following steps: (i) identification of the promised goods or services in the contract; (ii) determination of whether the promised goods or services are performance obligations including whether they are distinct in the context of the contract; (iii) measurement of the transaction price, including the constraint on variable consideration; (iv) allocation of the

transaction price to the performance obligations; and (v) recognition of revenue when (or as) the Company satisfies each performance obligation. As part of the accounting for these arrangements, the Company must develop assumptions that require judgment to determine the stand-alone selling price for each performance obligation identified in the contract. The Company uses key assumptions to determine the stand-alone selling price, which may include forecasted revenues, development timelines, reimbursement rates for personnel costs, discount rates and probabilities of technical and regulatory success.

Licenses of Intellectual Property: If the license to the Company's intellectual property is determined to be distinct from the other performance obligations identified in the arrangement, the Company recognizes revenues from non-refundable, up-front fees allocated to the license when the license is transferred to the licensee and the licensee is able to use and benefit from the license. For licenses that are bundled with other promises, the Company utilizes judgment to assess the nature of the combined performance obligation to determine whether the combined performance obligation is satisfied over time or at a point in time and, if over time, the appropriate method of measuring progress for purposes of recognizing revenue from non-refundable, up-front fees. The Company evaluates the measure of progress each reporting period and, if necessary, adjusts the measure of performance and related revenue recognition.

Manufacturing Supply Services: Arrangements that include a promise for future supply of drug substance or drug product for either clinical development or commercial supply at the licensee's discretion are generally considered as options. The Company assesses if these options provide a material right to the licensee and if so, they are accounted for as separate performance obligations. If the Company is entitled to additional payments when the licensee exercises these options, any additional payments are recorded in license, collaboration and other revenues when the licensee obtains control of the goods, which is typically upon delivery.

Milestone Payments: At the inception of each arrangement that includes development or commercial sales milestone payments, the Company evaluates whether the milestones are considered probable of being reached and estimates the amount to be included in the transaction price using the most likely amount method. If it is probable that a significant revenue reversal would not occur, the associated milestone value is included in the transaction price. The transaction price is then allocated to each performance obligation on a relative stand-alone selling price basis, for which the Company recognizes revenue as or when the performance obligations under the contract are satisfied. At the end of each subsequent reporting period, the Company re-evaluates the probability of achievement of such development milestones and any related constraint, and if necessary, adjusts its estimate of the overall transaction price. Any such adjustments are recorded on a cumulative catch-up basis, which would affect license, collaboration and other revenues and earnings in the period of adjustment. Any consideration related to sales-based royalties (and sales-based milestones) will be recognized when the related sales occur.

Research and development costs: Research and development costs are accounted for in accordance with ASC Topic 730, *Research and Development*, (ASC 730) and are expensed as incurred. Research and development costs consist primarily of the cost of salaries, share-based compensation expenses, payroll taxes and other employee benefits, subcontractors and materials used for research and development activities, including nonclinical studies, clinical trials, manufacturing costs and professional services. The costs of services performed by others in connection with the research and development activities of the Company, including research and development conducted by others on behalf of the Company, shall be included in research and development costs and expensed as the contracted work is performed. The Company accrues for costs incurred as the services are being provided by monitoring the status of the trial or project and the invoices received from its external service providers. Where contingent milestone payments are due to third parties under research and development arrangements or license agreements, the milestone payment obligations are expensed when the milestone results are probable to be achieved.

Research and development expenses for the years ended December 31, 2020, 2019 and 2018 were $50.3 million, $52.9 million and $41.4 million, respectively, and are included in total costs and expenses on the accompanying consolidated statements of operations.

Inventory: The Company capitalizes inventory costs related to products to be sold in the ordinary course of business. The Company makes a determination of capitalizing inventory costs for a product based on, among other factors, status of regulatory approval, information regarding safety, efficacy and expectations relating to commercial sales and recoverability of costs. Pre-launch inventory is held as an asset when there is a high probability of regulatory approval for the product.

Inventories are valued under a standard costing method and are stated at the lower of cost or net realizable value. The Company measures inventory, which include the direct purchase cost of materials and supplies and manufacturing overhead costs, by

approximating actual cost under a first-in, first-out basis. The Company assesses recoverability of inventory each reporting period to determine any write down to net realizable value resulting from excess or obsolete inventories.

As of December 31, 2020 and 2019, there was $13.9 million and $nil pre-launch inventory recognized on the consolidated balance sheets that was classified as work in process.

Shared-based compensation: The Company follows ASC Topic 718, *Compensation - Stock Compensation* (ASC 718), which requires the measurement and recognition of compensation expense, based on estimated fair values, for all share-based awards made to employees and directors. The Company records compensation expense associated with service and performance-based stock options in accordance with provisions of authoritative guidance. The estimated fair value of service-based awards is determined using option pricing models that use unobservable inputs and is generally amortized on a straight-line basis over the requisite service period and is recognized based on the proportionate amount of the requisite service period that has been rendered during each reporting period. The estimated fair value of performance-based awards is measured on the grant date and is recognized when it is determined that it is probable that the performance condition will be achieved. The Company has elected a policy to estimate forfeitures based on historical forfeiture experience.

Warrants: The Company classifies issued warrants to purchase shares of its common stock as equity on its consolidated balance sheets. The Company uses the Black-Scholes model to measure the grant date fair value of the warrants at issuance. The grant date fair value of the warrants is included as a component of equity and is transferred from warrants to common shares upon exercise.

Income taxes: The Company accounts for income taxes under the asset and liability method in accordance with ASC Topic 740,*Income Taxes* (ASC 740). Deferred tax assets and liabilities are determined based on differences between the financial reporting and tax basis of assets and liabilities and are measured using the enacted tax rates and laws that are expected to be in effect when the differences are expected to reverse. The effect on deferred tax assets and liabilities of a change in tax rates is recognized as income in the period that such tax rate changes are enacted. The portion of any deferred tax asset for which it is more likely than not that a tax benefit will not be realized must then be offset by recording a valuation allowance. Financial statement recognition of a tax position taken or expected to be taken in a tax return is determined based on a more-likely-than-not threshold of that position being sustained. If the tax position meets this threshold, the benefit to be recognized is measured as the largest amount that is more likely than not to be realized upon ultimate settlement. The Company's policy is to record interest and penalties on uncertain tax positions as a component of income tax expense.

3. Recent Accounting Pronouncements

Recently adopted accounting pronouncements:

On January 1, 2019, the Company adopted ASC 842, *Leases*, using the modified retrospective transition approach as of the period of adoption. The Company's financial statements prior to January 1, 2019 were not modified for the application of the new lease standard. Upon adoption of ASC 842, the Company elected the "package of practical expedients," which allowed the Company to not reassess (a) whether expired or existing contracts as of January 1, 2019 are or contain leases, (b) the lease classification for any expired or existing leases as of January 1, 2019, and (c) the treatment of initial direct costs relating to any existing leases as of January 1, 2019. The package of practical expedients was made as a single election and was consistently applied to all leases that commenced before January 1, 2019. As part of the transition, the Company completed a comprehensive review of its lease portfolio, including significant leases by geography and by asset type that were impacted by the new guidance, and enhanced its controls around leasing. Furthermore, management reviewed all of the Company's non-facility contracts to determine whether any agreements will impact the Company's consolidated financial statements. The adoption of ASC 842 did not result in a material change to the statement of financial position, as majority of the Company's leases as of January 1, 2019 had a term of less than 12 months, with the exception of the Victoria office lease that did not result in a material adjustment to the statement of financial position.

In June 2018, the FASB issued ASU 2018-07*, Improvements to Nonemployee Share-Based Payment Accounting (Topic 718)*. ASU 2018-07 simplifies the accounting for share-based payments to non-employees by aligning it with the accounting for share-based payments to employees, with certain exceptions. Some of the areas of simplification apply only to nonpublic entities. For public business entities, the amendments in ASU 2018-07 are effective for annual periods beginning after December 15, 2018, and interim periods within those annual periods. Upon adoption, this was applied to certain awards held by

a former Chairman of the Board and Chief Executive Officer. The impact of the adoption of this standard on the Company's consolidated financial statements as of January 1, 2019 is not material.

In June 2016, the FASB issued ASU 2016-13, *Financial Instruments - Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments*. The standard requires that credit losses be reported using an expected losses model rather than the incurred losses model that is currently used, and establishes additional disclosures related to credit risks. For available-for-sale debt securities with unrealized losses, these standards now require allowances to be recorded instead of reducing the amortized cost of the investment. These standards limit the amount of credit losses to be recognized for available-for-sale debt securities to the amount by which carrying value exceeds fair value and requires the reversal of previously recognized credit losses if fair value increases. The adoption of the standard as of January 1, 2020 did not have a material impact on the Company’s consolidated financial statements.

In August 2018, the FASB issued ASU 2018-13, *Fair Value Measurement (Topic 820): Disclosure Framework - Changes to the Disclosure Requirement for Fair Value Measurement*. Topic 820 requires to disclose transfers into and out of Level 3 of the fair value hierarchy and purchases and issues of Level 3 assets and liabilities. For investments in certain entities that calculate net asset value, an entity is required to disclose the timing of liquidation of an investee’s assets and the date when the restrictions from redemptions might lapse only if the investee has communicated the timing to the entity or announced the timing publicly. The new standard also amends that the measurement uncertainty disclosure is to communicate information about the uncertainty in measurement as of the reporting date. The new standard is effective for fiscal years beginning after December 15, 2019. The standard should be applied retrospectively to the date of initial application of ASU 2014-09, *Revenue from Contracts with Customers (Topic 606)*. The Company elected to adopt the amendment as of January 1, 2020, which did not have a material impact on the consolidated financial statements.

In August 2018, the FASB issued ASU No. 2018-15, *Intangibles-Goodwill and Other-Internal-Use Software (Subtopic 350-40)-Customer’s Accounting for Implementation Costs Incurred in a Cloud Computing Arrangement That Is a Service Contract*, which aligns the accounting for implementation costs incurred in a hosting arrangement that is a service contract with the accounting for implementation costs incurred to develop or obtain internal-use software under ASC 350-40, in order to determine which costs to capitalize and recognize as an asset and which costs to expense. ASU 2018-15 is effective for annual reporting periods, and interim periods within those years, beginning after December 15, 2019, and can be applied either prospectively to implementation costs incurred after the date of adoption or retrospectively to all arrangements. The Company adopted ASU 2018-15 effective January 1, 2020 and applied the standard prospectively to implementation costs incurred in its cloud computing arrangements, resulting in capitalized costs of $1.7 million in 2020.

In November 2018, the FASB issued ASU No. 2018-18, *Collaborative Arrangement (Topic 808): Clarifying the Integration between Topic 808 and Topic 606.* The new standard clarifies that certain transactions between collaborative arrangement participants should be accounted for as revenue under Topic 606 when the collaborative arrangement participant is a customer in the context of a unit of account. Further, the new standard adds unit-of-account guidance to Topic 808 to align with the guidance in Topic 606 when an entity is assessing whether the collaborative arrangement or part of the arrangement is within the scope of Topic 606. The new standard requires that in transactions with a collaborative arrangement participant that is not directly related to sales to third parties, presenting under Topic 606 is precluded if the collaborative arrangement participant is not a customer. The new standard is effective for fiscal years beginning after December 15, 2019. The standard should be applied retrospectively to the date of initial application of ASU No. 2014-09, *Revenue from Contracts with Customers (Topic 606)*. The Company elected to adopt the amendment as of January 1, 2020, which did not have a material impact on the consolidated financial statements.

Recently issued accounting pronouncements not yet adopted:

In December 2019, the FASB issued ASU 2019-12, *Income Taxes* (Topic 740): Simplifying the Accounting for Income Taxes, which clarifies and simplifies certain aspects of the accounting for income taxes. The standard is effective for years beginning after December 15, 2020, and interim periods within annual periods beginning after December 15, 2020. We intend to adopt the ASU effective January 1, 2021 with no material impact.

4. Investments

At December 31, 2020, the Company had $126.0 million and $24.4 million of short and long term investments, respectively, mainly of commercial paper and bonds as summarized below. The Company had no investments as of December 31, 2019. These instruments are carried at fair market value which is approximately equal to amortized cost.

	December 31,	
(in thousands)	**2020**	**2019**
Cashable Guaranteed Investment Certificate (GIC)	2,000	—
Corporate Bond	40,372	—
Commercial Paper	67,747	—
Treasury Bill	7,999	—
Treasury Bond	5,045	—
Yankee Bond	2,816	—
Total short term investments	$ 125,979	$ —
Corporate Bonds - total long term investments	24,380	—
Total investments	$ 150,359	$ —

5. Fair Value Measurement

The Company's financial instruments consist primarily of cash and cash equivalents, short-term investments, accounts receivable, accounts payable and accrued liabilities. The Company has determined the carrying values of these financial instruments approximate their fair value because of the relatively short period to maturity of the instruments. Estimated fair values of available-for-sale debt securities are generally based on prices obtained from commercial pricing services.

In connection with measuring the fair value of its assets and liabilities, the Company seeks to maximize the use of observable inputs (market data obtained from sources independent from the Company) and to minimize the use of unobservable inputs (the Company's assumptions about how market participants would price assets and liabilities). As a basis for considering such assumptions, a three-tier fair value hierarchy has been established, which prioritizes the inputs used in measuring fair value as follows:

- Level 1 - Observable inputs such as quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2 - Inputs other than quoted prices that are observable for the asset or liability, either directly or indirectly. These include quoted prices for similar assets or liabilities in active markets and quoted prices for identical or similar assets or liabilities in markets that are not active.
- Level 3 - Unobservable inputs that reflect the reporting entity's own assumptions.

The Company's Level 1 instruments include cash and cash equivalents and short-term investments that are valued using quoted market prices. Level 2 instruments include the Company's short and long term investments that are valued through third-party pricing services that use verifiable observable market data.

There were no transfers between Level 1, Level 2 and Level 3 in the periods presented.

The following tables summarize the types of assets and liabilities measured at fair value on a recurring basis by level within the fair value hierarchy:

	December 31, 2020			
(in thousands)	**Level 1**	**Level 2**	**Level 3**	**Total**
Assets:				
Cash and cash equivalents:				
Deposits held with banks	**$ 130,807**	**$ —**	**$ —**	$ 130,807
Short-term highly liquid investments	**141,543**	**—**	**—**	141,543
Investments	**69,746**	**80,613**		150,359
	342,096	**80,613**	**—**	422,709

	December 31, 2019			
(in thousands)	**Level 1**	**Level 2**	**Level 3**	**Total**
Assets:				
Cash and cash equivalents:				
Deposits held with banks	$ 286,019	$ —	$ —	286,019
Short-term highly liquid investments	20,000	—	—	20,000
Investments	—			—
	306,019	—	—	306,019

6. Accrued interest and other receivables

(in thousands)	**Dec 31, 2020**	**Dec 31, 2019**
Other receivables	$ 51	$ 163
Accrued interest receivable	486	205
Income taxes recoverable	481	—
	$ 1,018	$ 368

7. Property, Plant and Equipment

Property, plant and equipment as of December 31, 2020 and 2019 are as follows:

(in thousands)	**Estimated Useful Life (in years)**	**2020**	**2019**
Construction in progress	—	$ 4,467	$ —
Leasehold improvements	Shorter of term of the lease or estimated useful life	34	34
Office equipment and furniture	5	83	41
Computer equipment and software	3	381	175
		4,965	250
Less accumulated depreciation		(179)	(157)
Property and equipment, net		**$ 4,786**	$ 93

Construction in progress assets relate to leasehold improvements and office equipment and furniture for the Company's Rockville, MD office, which are not available for use at December 31, 2020.

Depreciation expense for the years ended December 31, 2020, 2019 and 2018, was $82 thousand, $33 thousand and $20 thousand, respectively, which is included in general and administrative within operating expenses on the consolidated statements of operations.

8. Intangible Assets

Intangible assets are amortized over their useful lives on a straight-line basis.The following table summarizes the Company's intangible assets as of December 31, 2020 and 2019:

	December 31, 2020			
(in thousands)	**Weighted Average Life (in years)**	**Gross Carrying Value**	**Accumulated Amortization**	**Net Carrying Amount**
Patents	11	$ 1,651	$ (1,203)	$ 448
Acquired intellectual property and reacquired rights	11	15,126	(7,770)	7,356
Cloud computing arrangements	3	1,675	(147)	1,528
	11	$ 18,452	$ (9,120)	$ 9,332

	December 31, 2019			
(in thousands)	**Weighted Average Life (in years)**	**Gross Carrying Value**	**Accumulated Amortization**	**Net Carrying Amount**
Patents	12	$ 1,568	$ (1,097)	$ 471
Acquired intellectual property and reacquired rights	12	15,126	(6,735)	8,391
	12	$ 16,694	$ (7,832)	$ 8,862

Amortization expense recognized by the Company related to intangible assets was $1.3 million, $1.1 million and $1.3 million for the years ended December 31, 2020, 2019 and 2018, respectively. Amortization expense as it relates to the amortization of acquired intellectual property and other intangible assets resides within amortization on the consolidated statements of operations. The estimated aggregate amortization expense for intangible assets over the next five fiscal years ending December 31, 2021 through December 31, 2025 is approximately $7.0 million.

9. Accounts payable and accrued liabilities

	2020	**2019**
Trade payables	$ 2,635	$ 4,153
Other accrued liabilities	10,855	3,281
Employee accruals	11,307	3,743
Total accrued liabilities	$ 24,797	$ 11,177

10. License and Contract Revenue

Licensing Revenue

Otsuka Contract

On December 17, 2020, the Company entered into a collaboration and license agreement with Otsuka Pharmaceutical Co., Ltd. (Otsuka) for the development and commercialization of oral LUPKYNIS for the treatment of adult patients with active LN in the European Union (EU), Japan, as well as the United Kingdom, Russia, Switzerland, Norway, Belarus, Iceland, Liechtenstein and Ukraine.

As part of the agreement, Aurinia received an upfront cash payment of $50.0 million for the license agreement, and has the potential to receive up to $50.0 million in regulatory milestones. Aurinia will receive tiered royalties on future sales ranging from 10 to 20 percent (dependent on achievement of sale milestones) on net sales upon commercialization, along with additional milestone payments based on the attainment of certain annual sales by Otsuka. In addition, a supply agreement will be negotiated in the future.

The Company evaluated the Otsuka Agreement under ASC 606. Based on that evaluation, the license transferred was determined to be functional intellectual property (IP) that has significant standalone functionality. That is, the treatment of lupus nephritis and other diseases provides significant benefit to Otsuka at the point of transfer, and it is not expected that the utility of the IP will substantively change as a result of any remaining clinical trials or ongoing activities of Aurinia. The Company determined the upfront fee of $50.0 million is fixed consideration for the transfer of the license and is recognized upon transfer of the license in December 2020.

The remaining forms of consideration are variable because they are dependent on achieving milestones or are based on aggregate future net sales for the regions. None of the regulatory milestones have been included in the transaction price, as all milestone amounts were fully constrained. As part of its evaluation of the constraint, the Company considered numerous factors, including the magnitude of a potential reversal of revenue, uncertainty about if or when the milestone related performance obligations might be achieved and that receipt of the milestones are outside the control of the Company since they are dependent on efforts to be undertaken by Otsuka and regulatory approval by various foreign government agencies. Any consideration related to sales-based royalties (and sales-based milestones) will be recognized when the related sales occur.

Other Licensing Revenue

The Company also recorded licensing revenue of $118 thousand in 2020 (2019 - $118 thousand; 2018 - $118 thousand) related to the upfront license payment of $1.5 million received in 2010 pursuant to the 3SBio Inc. license agreement. Under the agreement, the primary substantive obligations of the Company were to grant the license and transfer intellectual knowledge to 3SBio. Under the agreement, the Company was also required to maintain the patent portfolio in China, Taiwan and Hong Kong, and to provide further support and cooperation to 3SBio over the life of the agreement. Any additional assistance provided to 3SBio was to be performed on a full cost recovery basis. The deferred licensing fee revenue is recognized on a straight-line basis as the Company satisfies the performance obligations over the life of the patents and the benefit to the customer transfers ratably throughout the patent life, which expires in 2022. As at December 31, 2020, $207 thousand (2019 - $324 thousand; 2018 - $442 thousand) of deferred revenue remains relating to this payment.

On April 17, 2017, the Company entered into an agreement with Merck Animal Health (MAH) whereby the Company granted them worldwide rights to develop and commercialize its patented nanomicellar LUPKYNIS ophthalmic solution (VOS) for the treatment of Dry Eye Syndrome in dogs. The Company received a milestone payment of $200 thousand in 2019. This agreement provided MAH with a right to use intellectual property. MAH was able to direct the use of and obtain substantially all of the benefits from the license at the time that control of the rights were transferred and therefore, this $200 thousand milestone payment was recognized as revenue in the year ended December 31, 2019. The Company is eligible to receive further payments based on certain development and sales milestones and receive royalties based on global product sales.

Contract Revenue

In 2018 the Company earned a contract milestone of $345 thousand (CA$450,000) pursuant to a purchase and sale agreement dated February 14, 2014 between Ciclofilin Pharmaceuticals Corp. (now Hepion Pharmaceuticals, Inc.) and Aurinia Pharmaceuticals Inc. under which the Company sold the Non-Immunosuppressive Cyclosporine Analogue Molecules (NICAMs) early stage research and development asset to Ciclofilin. The Company is eligible to receive further payments based on certain development and sales milestones and to receive royalties based on global product sales. The Company has no obligations under this agreement.

11. Segment Information and Geographic Data

As the operations comprise a single reporting segment, amounts disclosed in the consolidated financial statements represent those of the single reporting unit. There was one customer that accounted for the majority of revenues at December 31, 2020 and two customers that accounted for all of the revenues in 2019 and 2018, respectively.

Revenues by Geographic Location

The following geographic information reflects revenue based on customer location:

(in thousands)	**2020**	**2019**	**2018**
Revenue			
Japan	**$ 50,000**	$ —	$ —
China	**118**	118	118
United States	**—**	200	345
Total	**$ 50,118**	$ 318	$ 463

Long-lived Assets by Location

Long-lived assets by location consist of property plant and equipment:

(in thousands)	**2020**	**2019**
Long-lived assets		
Canada	**$ 298**	$ 93
United States	**4,488**	—
Total	**$ 4,786**	$ 93

12. Income Taxes

The components of pre-tax (losses) income before income taxes for the years ended December 31, 2020, 2019 and 2018 are as follows:

(in thousands)	**2020**	**2019**	**2018**
Canada	$ (61,024)	$ (88,694)	$ (53,290)
Foreign	(41,750)	453	284
	$ (102,774)	$ (88,241)	$ (53,006)

Income tax (benefit) expense for the years ended December 31, 2020, 2019 and 2018 are as follows:

(in thousands)	2020	2019	2018
Current:			
Canada	**$ —**	$ —	$ —
Foreign	**(94)**	144	73
	(94)	144	73
Deferred:			
Canada	**—**	—	—
Foreign	**—**	—	—
Total deferred	—	—	—
Income tax (benefit) expense	**$ (94)**	$ 144	$ 73

The provision for income taxes varied from the income taxes provided based on the Canadian statutory rate of 26.8%, 25.4%, and 27.0% in the years ending December 31, 2020, 2019 and 2018, respectively.

	2020	2019	2018
Canada statutory income tax benefit	**26.8 %**	25.4 %	27.0 %
Effect of tax rates on foreign jurisdictions	**(2.4)**	—	—
Impact of future rates and tax rate changes	**6.1**	(0.9)	—
Non-deductible share-based compensation	**(4.5)**	(2.1)	(3.5)
Change in valuation allowance	**(26.0)**	(22.3)	(23.0)
Other	**0.1**	(0.3)	(0.6)
Effective tax rate	**0.1 %**	(0.2)%	(0.1)%

The tax effects of the temporary differences giving rise to the Company's net deferred tax assets as of December 31, 2020 and 2019 are summarized as follows:

(in thousands)	2020	2019
Deferred tax assets:		
Loss carry-forwards	$ 80,087	$ 56,533
Share issue costs	6,295	4,734
Intangible assets	2,718	1,710
SRED (Scientific Research and Experimental Development)	4,808	3,938
Royalty obligation	4,006	2,005
Other	5,243	2,553
Total deferred tax assets	103,157	71,473
Valuation allowance	(101,792)	(71,459)
Net deferred tax assets	1,365	14
Deferred tax liabilities:		
Right of use asset	(1,173)	—
Property and equipment	(192)	(14)
Deferred tax liabilities	(1,365)	(14)
Net deferred tax assets (liabilities)	$ —	$ —

The Company’s valuation allowance increased by $30.3 million in 2020 as compared to 2019 as a result of the additional pre-tax book losses that the Company has determined are not more likely than not realizable.

At December 31, 2020, the Company had $307.8 million in total net operating loss (NOL) carryforwards which included $31.4 million for the U.S. and $272.4 million for Canada. The NOLs in the U.S. have an indefinite carryforward period. The NOLs in Canada will expire beginning 2029. As of December 31, 2020, the Company has approximately $3.9 million of Canada Investment Tax Credits and British Columbia Scientific Research and Experimental Development (SRED) with an expiration period of 2029-2040.

The Company is open to examinations with the applicable tax authorities prior to the expiration of statute of limitations, which ranges from tax years 2017 through 2019. The Company is currently under audit by the Canadian Revenue Agency for years 2017 and 2018.

13. Commitments and Contingencies

Purchase obligations: The Company has entered into contractual obligations for services and materials required for its drug manufacturing, clinical trial programs and other operational activities.

The future minimum amounts to exit the Company's purchase obligations are as follows:

(in thousands)	**Purchase Obligations**
Years Ending December 31:	
2021	$ 2,233
2022	65
2023	—
	$ 2,298

Litigation: The Company may, from time to time, be subject to claims and legal proceedings brought against it in the normal course of business. Such matters are subject to many uncertainties. Management believes the ultimate resolution of such contingencies will not have a material adverse effect on the consolidated financial position of the Company.

On December 18, 2020, the Company commenced an action in the United States District Court for the District of New Jersey against Sun Pharmaceutical Industries, Inc., Sun Pharmaceutical Industries, Ltd., and Sun Pharma Global FZE (collectively, "Sun"). The action is a claim for patent infringement under the patent laws of the United States arising from Sun's commercial manufacture, use, offer to sell, or sales within the United States, and/or importation into the United States of Sun's CEQUA™ product, a CNI immunosuppressant ophthalmic solution, prior to the expiration of our United States Patent No. 10,265,375. In our action, we request relief in the form of an order confirming Sun has infringed our patent, an injunction preventing Sun from manufacturing, using or selling CEQUA, and monetary relief (including costs). Sun has not yet responded to the claim, other than to waive service on the two international Sun entities. Sun has 90 days from the initiation of our claim to file a statement of defense.

14. Royalty Obligation

The royalty obligations are the result of a resolution of the board of directors of the Company dated March 8, 2012 whereby certain executive officers at that time (former executive officers) were provided with future potential employee benefit obligations for remaining with the Company, for a certain period of time, and this obligation was also contingent on the occurrence of uncertain future events. The obligation was recorded once the specified events were deemed probable to occur.

As a result of the completion of the Phase 3 AURORA trial, and the results obtained from the trial in the fourth quarter of 2019, the Company re-assessed the probability of royalty obligation payments being required in the future, and recorded the royalty obligation at December 31, 2019. Until one of the triggering events occur, no royalty payments are required to be paid. Royalties on sales or licensing expected in the next twelve months have been classified as short term. The total balance of the royalty obligation at December 31, 2020 and December 31, 2019 was estimated to be $15 million and $8.2 million, respectively.

During the year ended December 31, 2020 the Company re-assessed the royalty obligation and reduced the discount rate from 12.0% at December 31, 2019 to 10.3% at December 31, 2020. The reduction was primarily attributable to the decline in interest rates caused by the global coronavirus (COVID-19) pandemic. The change in discount rate, FDA approval of LUPKYNIS on January 22, 2021 and passage of time, on revaluation, resulted in an increase in the royalty obligation of $6.8 million for the year ended December 31, 2020.

15. Leases

All of the Company's existing leases as of December 31, 2020 are classified as operating leases. The Company's leases have a remaining term of 11 years and have an option to extend for two five-year periods after the 11 years elapsed and an option to terminate after 7 years. As of December 31, 2020, no such options have been recognized as part of the right-of-use assets and liabilities. For the twelve months ended December 31, 2020 the Company incurred $944 thousand rent expenses, respectively. This is compared to $297 thousand of rent expense for the twelve months ended December 31, 2019. The company did not incur any variable rent expense for the years ended December 31, 2020 or 2019.

Short-term leases are leases having a term of twelve months or less. The Company recognizes the short term leases on a straight-line basis and does not record a related lease asset or liability for such leases. During the quarter ended December 31, 2020, the Company entered into an agreement to lease premises at #201, 17873 - 106A Avenue, Edmonton, Alberta, consisting of 2,248 square feet of office space, for a term commencing October 1, 2020 to September 30, 2021 at a cost of approximately $2,200 per month.

During March 2020, the Company entered into a lease for its U.S. commercial office in Rockville, Maryland (MD lease) for a total space of 30,531 square feet of office space. The Company recognized a $5.8 million ROU asset and a $5.8 million lease liability related to the lease. When measuring the lease liability, the Company discounted lease payments using its incremental borrowing rate at March 12, 2020. The incremental borrowing rate applied to the lease liability on March 12, 2020 was 5.2% based on the financial position of the Company, geographical region and term of lease.

During August 2020, the Company entered into a binding letter of intent to lease 18,615 square feet of commercial office space in Victoria, British Columbia. The lease term is expected to begin in 2022 and the present value of the minimum lease payments for this lease are $3.1 million. As of December 31, 2020 there has been no accounting recognition associated with this lease, as the Company has not been granted access to the building.

During October 2020, the Company entered into a lease for its head office located in Victoria, British Columbia for a total space of 13,206 square feet of office space. The lease term commencing January 1, 2021 to August 31 2022 at a cost of approximately $19 thousand per month.

As of December 31, 2020, the Company received reimbursement for tenant leasehold improvements by the landlord in the amount of $2.3 million for the MD lease. The Company recorded these leasehold improvement incentives as additions to the lease liability and construction in process.

As of December 31, 2020, the Company had an operating lease right of use asset of $5.5 million and lease liability of $8.4 million on the balance sheet.

The following table provides supplemental balance sheet information related to the operating lease ROU asset and lease liabilities:

(in thousands, except for lease term and discount rate)	Balance Sheet Classification	December 31, 2020	December 31, 2019
Assets			
Operating lease right of-use assets	Property and equipment, net	$ 5,489	$ —
Total leased assets		5,489	—
Liabilities			
Current			
Operating lease liabilities	Current maturities of operating lease liabilities	788	—
Non-current			
Operating lease liabilities	Operating lease liabilities	7,619	—
Total lease liabilities		$ 8,407	$ —
Weighted average remaining lease term - operating leases (in years)		10.67	—
Weighted average discount rate - operating leases		5.2 %	—

The adoption of ASC 842 had no effect on retained earnings as of January 1, 2019.

The following provides a summary of the components of leasing costs and rent for the years ended December 31, 2020 and December 31, 2019:

(in thousands)	Consolidated Statement of Operations	December 31, 2020	December 31, 2019
Operating lease costs	General and administrative	$ 909	$ 229
Short-term lease costs	General and administrative	35	68
Total lease costs		$ 944	$ 297

Cash flow and supplemental information is presented below:

(in thousands)	Years ended December 31, 2020	2019	2018
Cash paid for amounts included in the measurement of lease liabilities:			
Operating cash flows used in operating leases	$ 232	$ 114	$ 151
Operating cash flows used in short-term leases	$ 35	$ 68	$ 72

The following table provides a summary of lease liability maturities for the next five years and thereafter:

(in thousands)	Operating Lease Payments
2021	$ 287
2022	968
2023	1,061
2024	1,085
2025	1,109
Thereafter	6,773
Total lease payments	11,283
Less imputed interest	(2,876)
Total	$ 8,407

On December 15, 2020, the Company entered into a collaborative agreement with Lonza to build a dedicated manufacturing capacity within Lonza's existing small molecule facility in Visp, Switzerland. The dedicated facility (also referred to as "monoplant") will be equipped with state-of-the-art manufacturing equipment to provide cost and production efficiency for the manufacture of voclosporin, while expanding existing capacity and providing supply security to meet future commercial demand.

Upon completion of the monoplant, the Company will have the right to maintain unobstructed use of the monoplant by paying a quarterly fixed facility fee. The first capital expenditure payment was made in February 2021.

The Company expects to account for the arrangement as a finance lease under ASC 842. As ofDecember 31, 2020, construction of the underlying asset of the lease has yet to commence. The present value of the minimum lease payments total approximately $94 million, beginning February 2021 and expiring in 2030, and are not included in the above table.

16. Shareholders' Equity

Common shares: The Company has authorized an unlimited number of shares of common shares, no par value. As of December 31, 2020, 2019 and 2018,126.7 million, 111.8 million and 85.5 million Common Shares, respectively, were issued and outstanding. Each share entitles the holder to one vote on all matters submitted to a vote of the Company's shareholders. Common shareholders are not entitled to receive dividends unless declared by the Company's Board of Directors.

The common share activity for 2020, 2019 and 2018 is as follows:

	Common Shares	
	Number of Shares (in thousands)	Amount (in thousands)
Balance at December 31, 2017	84,052	$ 483,294
Issued pursuant to exercise of warrants	1,172	3,977
Issued pursuant to exercise of stock options	276	1,473
Balance at December 31, 2018	85,500	488,744
Issued pursuant to Public Offering	12,782	191,737
Issued pursuant to At-the-Market (ATM) Facilities	6,953	45,010
Share issue costs	—	(13,629)
Issued pursuant to exercise of warrants	2,983	12,428
Issued pursuant to exercise of stock options	3,580	22,197
Balance at December 31, 2019	111,798	746,487
Issued pursuant to Public Offering	13,333	200,000
Share issue costs	—	(12,268)
Issued pursuant to exercise of warrants	1	2
Issued pursuant to exercise of stock options	1,593	10,107
Balance at December 31, 2020	**126,725**	**$ 944,328**

July 27, 2020 public offering

On July 27, 2020 the Company completed a public offering of13.3 million Common Shares at a price of $15.00 per share. Gross proceeds from this offering were $200.0 million and the share issue costs totaled an estimated $12.3 million which included a 6% underwriting commission of $12.0 million and professional fees of $268 thousand.

December 12, 2019 public offering

On December 12, 2019 the Company completed a public offering of12.8 million common shares at a price of $15.00 per share. Gross proceeds from this offering were $191.7 million and the share issue costs totaled $11.8 million which included a 6% underwriting commission of $11.5 million and professional fees of $315 thousand.

September 13, 2019 ATM facility

On September 13, 2019 the Company entered into an Open Market Sale Agreement (the "Sale Agreement") with Jeffries pursuant to which the Company may from time to time sell, through ATM offerings, common shares that would have an aggregate offering price of up to $40.0 million. Aurinia filed a prospectus supplement with securities regulatory authorities in Canada in the provinces of British Columbia, Alberta and Ontario, and with the United States Securities and Exchange Commission, which supplements Aurinia's short form base shelf prospectus dated March 29, 2018, and Aurinia's shelf registration statement on Form F-10 dated March 26, 2018, declared effective on March 29, 2018. Sales from the ATM offering were only conducted in the United States through Nasdaq at market prices.

Pursuant to this agreement the Company issued 2.3 million common shares at a weighted average price of $6.40 resulting in gross proceeds of $15.0 million. The Company incurred share issue costs of $640 thousand including a 3% commission of $450 thousand paid to the agent and professional fees of $190 thousand directly related to the ATM. On December 9, 2019, the Company terminated the September 13, 2019 Sale Agreement with Jefferies LLC related to the 2019 ATM.

November 30, 2018 ATM facility

On November 30, 2018 the Company entered into an Open Market Sale Agreement (the "Sale Agreement") with Jefferies LLC ("Jefferies") pursuant to which the Company sold, through at-the-market (ATM) offerings, common shares that would have an aggregate offering price of up to $30.0 million. Aurinia filed a prospectus supplement with securities regulatory authorities in Canada in the provinces of British Columbia, Alberta and Ontario, and with the United States Securities and Exchange Commission, which supplements Aurinia's short form base shelf prospectus dated March 26, 2018, and Aurinia's shelf registration statement on Form F-10 dated March 26, 2018, declared effective on March 29, 2018. Sales from the ATM offering were only conducted in the United States through Nasdaq at market prices.

Pursuant to this agreement the ATM Facility was fully utilized resulting in gross proceeds of $30.0 million upon the issuance of 4.6 million common shares at a weighted average price of $6.51. The Company incurred share issue costs of $1.2 million including a 3% commission of $900 thousand paid to the agent and professional and filing fees of $270 thousand directly related to the ATM.

A summary of the anticipated and actual use of net proceeds used to date from the above financings is set out in the table below.

Allocation of net proceeds	Total net proceeds from financings (in thousands)	Net proceeds used to date (in thousands)
March 20, 2017 Offering		
R&D Activities	$ 123,400	$ 123,400
Working capital and corporate purposes	38,924	38,924
	162,324	162,324
November 30, 2018 ATM facility	28,830	28,830
September 2019 ATM facility	14,371	14,371
December 2019 Public Offering:		
Pre-commercial and launch activities, working capital and corporate purposes	179,918	44,181
July 2020 Public Offering:		
Pre-commercial and launch related activities	$117,000 to $143,000	—
R&D activities	$28,000 to $34,000	—
Working capital and corporate purposes	10,500 to 42,500	—
	187,700	—
Total	$ 573,143	$ 249,706

Warrants:

Warrant related to February 14, 2014 private placement offering: On February 14, 2014, the Company completed a $52.0 million private placement (2014 Private Offering). Under the terms of the 2014 Private Offering, a Unit consisted of one common share and one-quarter (0.25) of a common share purchase price warrant (2014 Warrant). The Company issued 18.9 million Units at a subscription price per Unit of $2.7485, exercisable for a period of five years from the date of issuance, at an exercise price of $3.2204. These February 2014 Warrants meet the scope exceptions provided in ASC 815, *Derivatives and Hedging*, as they are indexed to the Company's own shares, and therefore are accounted for under ASC 505, *Equity*.

In 2019, certain holders of these 2014 Warrants elected the cashless exercise option and the Company issued 0.7 million common shares in lieu of 1.3 million 2014 Warrants, which was recorded through an increase in equity (common shares) and decrease in additional paid-in capital. One holder of 464 thousand 2014 Warrants exercised these 2014 Warrants for cash and received 464 thousand common shares. The Company received cash proceeds of $1.5 million and recorded an increase in cash and additional paid in capital. In 2018, no holders of the 2014 Warrants elected the cashless exercise option. As a result, the Warrants related to the February 14, 2014 private placement offering have been extinguished upon the exercise of the aforementioned warrants, at December 31, 2019.

Warrant related to December 28, 2016 bought deal public offering: On December 28, 2016, the Company completed a $28.8 million Bought Deal public offering (2016 Public Offering). Under the terms of 2016 Public Offering, each Unit consists of one common share and one-half (0.50) of a common share purchase warrant (December 2016 Warrant). The Company issued 12.8 million Units at a subscription price per Unit of $2.25, exercisable for a period of five years from the date of issuance at an exercise price of $3.00. These December 2016 Warrants also meet the scope exceptions provided in ASC 815, *Derivatives and Hedging*, as they are indexed to the Company's own shares, and therefore are accounted for under ASC 505, *Equity*.

At initial recognition on December 28, 2016, the Company recorded a warrant in the amount of $7.2 million based on the estimated fair value of the December 2016 Warrants with allocated share issuance costs of $655 thousand recognized as a reduction of equity.

In 2020, a holder exercised 500 Warrants at $3.00 per share for gross proceeds of $2 thousand which was recorded through an increase in cash and equity. In 2019, certain holders of these Warrants exercised at $3.00 per share for gross proceeds of $5.5 million. In 2018, no holders of these Warrants exercised.

A summary of the outstanding warrants as of December 31, 2020 is presented below:

	Number of Warrants (in Thousands)	Weighted-Average Exercise Price $
Expiry date:		
December 28, 2021	1,690	3.00
	1,690	3.00

The warrant activity for 2019 and 2018 is as follows:

	Number of Warrants (in thousands)
Balance at December 31, 2018	3,523
Warrants exercised	(1,832)
Balance at December 31, 2019	1,691
Warrants exercised	(1)
Balance at December 31, 2020	1,690

17. Shared-Based Compensation

The Equity Incentive Plan (the Plan) was adopted and approved in 2012 and re-approved in May 2014. The Plan was amended as to Section 2.2 by the shareholders of the Company in June 2016 and amended and restated in June 2020. The purpose of the Plan is to advance the interest of the Company by encouraging equity participation in the Company through the acquisition of Common Shares.

The Plan requires the exercise price of each option to be determined by the Board of Directors and not to be less than the closing market price of the Company's stock on the day immediately prior to the date of grant. Any options which expire may

be re-granted. The Board of Directors approves the vesting criteria and periods at its discretion. The options issued under the plan are accounted for as equity-settled share-based payments

As of December 31, 2020 and 2019, 126.7 million and 111.8 million, common shares were issued and outstanding, resulting in a maximum of 15.8 million and 14.0 million, respectively, options available for issuance under the Plan. An aggregate total of 12.0 million and 6.2 million, options are presently outstanding in the Plan, representing 9.4% and 5.5%, respectively, of the issued and outstanding shares of the Company.

Stock Options

The following table summarizes the number of options outstanding under the Plan and inducement grants outside of the Plan for the years ended December 31, 2020, 2019 and 2018.

	Number of Shares (in thousands)	Weighted-Average Exercise Price	Weighted-Average Remaining Contractual Life (Years)	Aggregate Intrinsic Value (in thousands)
Balance as of December 31, 2017	4,864	$ 3.87		
Granted	3,003	$ 5.29		
Exercised/released	(276)	$ 3.53		
Outstanding at December 31, 2018	7,591	$ 4.44	4.17	$ 18,076
Granted	2,520	$ 6.00		
Granted inducement	1,600	$ 6.28		
Exercised/released	(3,578)	$ 4.03		
Cancelled/forfeited	(311)	$ 5.40		
Outstanding at December 31, 2019	7,822	$ 5.47	6.64	$ 115,655
Granted	7,568	$ 15.61		
Inducement grants	925	$ 14.36		
Exercised/released	(1,593)	$ 4.39		
Balance as of Cancelled/forfeited	(236)	$ 11.82		
Outstanding at December 31, 2020	14,486	$ 11.35	7.51	$ 35,891
Vested and expected to vest at December 31, 2020	3,246	$ 8.03		
Exercisable - Options at December 31, 2020	5,063	$ 6.94		

On November 20, 2020, the Company's Compensation Committee granted the newly appointed Executive Vice President, General Counsel, Corporate Secretary & Chief Compliance Officer, a non-qualified stock option to purchase an aggregate of 298,924 common shares on November 16, 2020. The option has a per share exercise price of $13.40, the closing trading price on November 13, 2020. One-third of the shares underlying the option vest in November 2021, and the balance of the shares vest in a series of 24 equal monthly installments thereafter.

On October 2, 2020, the Company's Compensation Committee granted 9 new employees non-qualified stock options to purchase an aggregate of 96,000 common shares, at a per share exercise price of $14.73, the closing trading price on September 30, 2020. One-third of the options vest in October 2021, and the balance of the options vests in a series of 24 equal monthly installments thereafter.

On September 4, 2020 the Company granted 105 new employees non-qualified stock options to purchase an aggregate of 530,000 common shares, at a per share exercise price of $14.83, the closing trading price on August 31, 2020. One-third of the options vest in September 2021, and the balance of the options vests in a series of 24 equal monthly installments thereafter.

On April 29, 2019, the Company granted 1.6 million inducement stock options to the new Chief Executive Officer pursuant to Section 613(c) of the TSX Company Manual at a price of $6.28. The first 25% of these options vest on the one year anniversary of the grant, and the remaining 75% vest in equal amounts over 36 months following the one year anniversary date and are exercisable for a term of ten years.

On May 2, 2016, the Company granted 200 thousand inducement stock options to a new employee pursuant to Section 613(c) of the TSX Company Manual at a price of $2.92. These options vest in equal amounts over 36 months and are exercisable for a term of five years. The employee had exercised 150 thousand of these options as of December 31, 2019. There are zero options remaining at December 31, 2020.

The inducement options noted above were granted as an inducement material to the new employees entering into employment with Aurinia in accordance with Nasdaq Listing Rule 5635(c)(4). The inducement stock options also have a ten-year term and are subject to the terms and conditions of the stock option agreement pursuant to which the option was granted. The inducement options are recorded outside of the Plan.

Dr. Richard Glickman and the Company entered into a transition agreement whereby upon his retirement as Chairman of the Board and Chief Executive Officer of the Company, Dr. Glickman would continue to provide substantive services as an adviser to the Company for a period of 12 months commencing May 6, 2019. Management applied judgment, at that time, in assessing if the services to be provided were substantive. Unvested stock options at May 6, 2019 were modified such that they vest in equal installments over the next 12 months, subject to Dr. Glickman remaining an adviser to the Company at each of the vesting dates.

The transition agreement resulted in 100 thousand stock options that would have been forfeited at May 6, 2020 vesting on an accelerated timeline. Therefore, the Company considered that the amount expensed for such awards to date should be reversed. The Company recognized these 100 thousand stock options as a new grant based on the fair value at the date of the transition agreement which will be expensed as they vest over the transition period. The Company also revised the allocation over the remaining vesting period to reflect the graded nature of the vesting over the transition period.

The Company used the Black-Scholes option pricing model to estimate the fair value of the options granted in 2020, 2019 and 2018. The expected life is based upon the contractual term, taking into account expected employee exercise and expected post-vesting employment termination behavior. The Company considers historical volatility of its Common Shares in estimating its future stock price volatility. The risk-free interest rate for the expected life of the options was based on the yield available on government benchmark bonds with an approximate equivalent remaining term at the time of the grant.

The following weighted average assumptions were used to estimate the fair value of the options granted during the years ended December 31, 2020, 2019 and 2018:

	2020	2019	2018
Expected term (in years)	**3 years**	4 years	4 years
Volatility	**52 %**	52 %	55 %
Risk-free interest rate	**0.55 %**	1.61 %	2.04 %
Dividend yield	**0.0 %**	0.0 %	0.0 %

The weighted average grant date fair value of stock options granted during the years ended December 31, 2020, 2019 and 2018 was $3.58, $2.56 and $2.33, respectively. The total fair value of options vested during the years ended December 31, 2020, 2019 and 2018 was $14.9 million, $8.5 million and $10.7 million, respectively. As of December 31, 2020, there was $51.5 million of unrecognized share-based compensation expense related to unvested stock options granted. The expense is expected to be recognized over a weighted-average period of approximately 1.4 years.

Performance Awards

The Company also granted 439 thousand performance awards (PAs) to officers of the Company, which will vest as the performance milestones are met.

Compensation Expense

Share-based compensation expense before taxes for the years ended December 31, 2020, 2019 and 2018 totaled approximately $17.5 million, $7.4 million and $6.9 million, respectively, as shown in the table below.

(in thousands)	**2020**	2019	2018
Share-based compensation expense			
Research and development	**$ 3,729**	$ 2,693	$ 2,697
General and administrative	**13,616**	4,721	4,163
Capitalized under inventories	**109**	—	—
Share-based compensation expense	**$ 17,454**	$ 7,414	$ 6,860

18. Net Loss Per Common Share

Basic and diluted net loss per Common Share is computed by dividing net loss by the weighted average number of Common Shares outstanding for the year. In determining diluted net loss per Common Share, the weighted average number of Common Shares outstanding is adjusted for stock options and warrants eligible for exercise where the average market price of Common Shares for the years ended December 31, 2020, 2019 and 2018 exceeds the exercise price. Common Shares that could potentially dilute basic net loss per Common Share in the future that could be issued from the exercise of stock options and warrants were not included in the computation of the diluted loss per Common Share for the years ended December 31, 2020, 2019 and 2018, because to do so would be anti-dilutive. Therefore, the weighted average number of Common Shares outstanding used to calculate both basic and diluted net loss per share attributable to Common Shareholders is the same.

The numerator and denominator used in the calculation of basic and diluted net loss amounts per Common Share are as follows:

	2020	**2019**	**2018**
Net loss for the year	**$ (102,680)**	$ (88,385)	$ (53,079)
Weighted average number of Ccommon Shares outstanding	**118,473**	93,024	84,782
Net loss per Common Share (expressed in $ per share)	**$ (0.87)**	$ (0.95)	$ (0.63)

The outstanding number and type of securities that would potentially dilute basic loss per Common Share in the future and which were not included in the computation of diluted loss per share, because to do so would be anti-dilutive for the years presented, are as follows:

	2020	**2019**	**2018**
Stock options	**14,486**	7,822	7,591
Warrants	**1,690**	1,691	5,261
	16,176	9,513	12,852

19. Related-Party Transactions

The outstanding amount payable to ILJIN, an affiliated shareholder, is the result of a settlement completed on September 20, 2013 between ILJIN and the Company. Per the terms of the settlement agreement, payments of up to $10.0 million may be payable and are based on the achievement of pre-defined clinical milestones related to LUPKYNIS and marketing milestones related to DES. During 2019, Aurinia paid ILJIN $100 thousand, upon the achievement of a specific milestone. Previously, in 2017 the Company paid ILJIN $2.2 million upon the achievement of two specific milestones. These payments reduced the original $10.0 million contingent consideration to $7.8 million. A liability was recorded in the amount of $6.0 million on December 31, 2019 related to these milestones as it was determined that achievement of regulatory approval and sales

milestones were probable. The remaining milestones of $1.8 million are related to the discontinued DES program and are not considered probable of achieving.

The amount payable to ILJIN was $6.0 million recorded in other liabilities for the years ended December 31, 2020 and December 31, 2019 and $600 thousand for the year ended December 31, 2018.

Stephen P. Robertson, a partner at Borden Ladner Gervais (BLG) acted as our corporate secretary through October 2020. We incurred legal fees in the normal course of business to BLG of $392 thousand for the year ended December 31, 2020 compared to $473 thousand for the same period in 2019. For the year ended December 31, 2020, we had no ongoing contractual or other commitments as a result of engaging Mr. Robertson to act as our corporate secretary and Mr. Robertson received no additional compensation for acting as the corporate secretary. On November 2, 2020 we announced the appointment of Stephen Robertson as our Executive Vice President, General Counsel, Corporate Secretary and Chief Compliance Officer.

20. Selected Quarterly Financial Information (unaudited)

The following condensed quarterly financial information is for the years December 31, 2020 and 2019:

(in thousands, except per share data)	March 31, 2020	June 30, 2020	September 30, 2020	December 31, 2020
Revenues	$ 30	$ 29	$ 29	$ 50,030
Operating expenses	27,090	26,892	42,344	58,082
Loss from operations	(27,060)	(26,863)	(42,315)	(8,052)
Net loss and comprehensive loss	$ (25,932)	$ (26,544)	$ (42,130)	$ (8,074)
Basic and diluted loss per Common Share	$ (0.23)	$ (0.24)	$ (0.34)	$ (0.05)

	March 31, 2019	June 30, 2019	September 30, 2019	December 31, 2019
Revenues	$ 30	$ 29	$ 230	$ 29
Operating expenses	14,921	17,172	24,298	34,870
Loss from operations	(14,891)	(17,143)	(24,068)	(34,841)
Net loss and comprehensive loss	$ (14,097)	$ (16,375)	$ (23,454)	$ (34,459)
Basic and diluted loss per Common Share	$ (0.16)	$ (0.18)	$ (0.25)	$ (0.36)

21. Subsequent Events

The Company has evaluated subsequent events through the date on which the consolidated financial statements were available for issuance and noted that, other than the matters described below, the Company has not identified any significant events for which it needs to provide disclosure.

On January 22, 2021, the U.S. Food and Drug Administration (FDA) approved LUPKYNIS in combination with a background immunosuppressive therapy regimen to treat adult patients with active lupus nephritis (LN).

CORPORATE ACCESS NUMBER: 2015780774

Government of Alberta

BUSINESS CORPORATIONS ACT

CERTIFICATE

OF

AMENDMENT AND REGISTRATION

OF RESTATED ARTICLES

AURINIA PHARMACEUTICALS INC.
AMENDED ITS ARTICLES ON 2020/06/15.

Name/Structure Change Alberta Corporation - Registration Statement

Alberta Amendment Date: 2020/06/15

Service Request Number: 33598118
Corporate Access Number: 2015780774
Business Number: 804796027
Legal Entity Name: AURINIA PHARMACEUTICALS INC.
French Equivalent Name:
Legal Entity Status: Active
Alberta Corporation Type: Named Alberta Corporation
New Legal Entity Name: AURINIA PHARMACEUTICALS INC.
New French Equivalent Name:
Nuans Number: 110145845
Nuans Date: 2013/09/13
French Nuans Number:
French Nuans Date:
Share Structure: AN UNLIMITED NUMBER OF COMMON SHARES
Share Transfers Restrictions: NONE
Number of Directors:
Min Number Of Directors: 1
Max Number Of Directors: 20
Business Restricted To: NONE
Business Restricted From: NONE
Other Provisions: SEE SCHEDULE
BCA Section/Subsection: 173(1)(N)
Professional Endorsement Provided:
Future Dating Required:

Annual Return

File Year	Date Filed
2020	2020/04/27
2019	2018/12/20
2018	2018/03/06

Attachment

Attachment Type	Microfilm Bar Code	Date Recorded
Other Rules or Provisions	ELECTRONIC	2011/01/01
Statutory Declaration	10000407108355038	2011/01/01
Consolidation, Split, Exchange	ELECTRONIC	2013/10/23
Other Rules or Provisions	ELECTRONIC	2020/06/15

Registration Authorized By: MELISSA M. SMITH
SOLICITOR

The Registrar of Corporations certifies that the information contained in this statement is an accurate reproduction of the data contained in the specified service request in the official public records of Corporate Registry.

SCHEDULE: OTHER RULES OR PROVISIONS

The Directors of the Corporation are authorized and empowered to appoint one (1) or more directors(s) to the Board of Directors of the Corporation between Annual General Meetings to serve until the nest Annual General Meeting provided that such additional director(s) shall not at any time exceed one third (1/3) of the number of directors who held office at the expiration of the last Annual General Meeting of the Corporation.

Subject to the consent of the board of directors, meetings of shareholders may be held outside Alberta.

Exhibit 4.1


C0000000230 | M
104598
Number
00000000
Aurinia
INCORPORATED UNDER THE ALBERTA BUSINESS CORPORATIONS ACT
Shares
THIS CERTIFIES THAT
SPECIMEN
CUSIP 05156V102
ISIN CA05156V1022
IS THE REGISTERED HOLDER OF
SEE REVERSE FOR CERTAIN DEFINITIONS
FULLY PAID AND NON-ASSESSABLE COMMON SHARES WITHOUT PAR VALUE IN THE CAPITAL OF
AURINIA PHARMACEUTICALS INC.
transferable on the books of the Company only upon surrender of this certificate properly endorsed.
This certificate is not valid unless countersigned by the Transfer Agent and Registrar of the Company.
IN WITNESS WHEREOF the Company has caused this certificate to be signed on its behalf by the facsimile signatures of its duly authorized officers.
Dated: Sep 04, 2014
Chief Executive Officer
Chief Financial Officer
COUNTERSIGNED AND REGISTERED
COMPUTERSHARE TRUST COMPANY, N.A.
(GOLDEN CO)
TRANSFER AGENT AND REGISTRAR
By
Authorized Officer
OR
COUNTERSIGNED AND REGISTERED
COMPUTERSHARE TRUST COMPANY OF CANADA
(CALGARY) (TORONTO)
TRANSFER AGENT AND REGISTRAR
By
Authorized Officer
VOID
VOID
SAMPLE
The shares represented by this certificate are transferable at the offices of Computershare Trust Company of Canada in Calgary, AB and Toronto, ON, and Computershare Trust Company, N.A. in Golden, CO.
SECURITY INSTRUCTIONS ON REVERSE
VOIR LES INSTRUCTIONS DE SÉCURITÉ AU VERSO

The shares represented by this certificate have rights, privileges, restrictions and conditions attached thereto and the Company will furnish to a shareholder, on demand and without charge, a full copy of the text of: (a) the rights, privileges, restrictions and conditions attached to each class authorized to be issued and to each series in so far as the same have been fixed by the directors; and (b) the authority of the directors to fix the rights, privileges, restrictions and conditions of subsequent series.

The following abbreviations shall be construed as though the words set forth below opposite each abbreviation were written out in full where such abbreviation appears:

TEN COM	- as tenants in common	(Name) CUST (Name) UNIF GIFT MIN ACT (State)	- (Name) as Custodian for (Name) under the (State) Uniform Gifts to Minors Act
TEN ENT	- as tenants by the entireties		
JT TEN	- as joint tenants with rights of survivorship and not as tenants in common		

Additional abbreviations may also be used though not in the above list.

For value received the undersigned hereby sells, assigns and transfers unto

_____

Insert name and address of transferee

_____

_____ shares

represented by this certificate and does hereby irrevocably constitute and appoint

_____ the attorney

of the undersigned to transfer the said shares on the books of the Company with full power of substitution in the premises.

DATED: _____

_____ _____

Signature of Shareholder Signature of Guarantor

Signature Guarantee:

The signature on this assignment must correspond with the name as written upon the face of the certificate(s), in every particular, without alteration or enlargement, or any change whatsoever and must be guaranteed by a major Canadian Schedule I chartered bank or a member of an acceptable Medallion Signature Guarantee Program (STAMP, SEMP, MSP). The Guarantor must affix a stamp bearing the actual words "Signature Guaranteed".

In the USA, signature guarantees must be done by members of a "Medallion Signature Guarantee Program" only.

Signature guarantees are not accepted from Treasury Branches, Credit Unions or Caisses Populaires unless they are members of the Stamp Medallion Program.

SECURITY INSTRUCTIONS - INSTRUCTIONS DE SÉCURITÉ

THIS IS WATERMARKED PAPER. DO NOT ACCEPT WITHOUT NOTING WATERMARK. HOLD TO LIGHT TO VERIFY WATERMARK.

PAPIER FILIGRANÉ. NE PAS ACCEPTER SANS VÉRIFIER LA PRÉSENCE DU FILIGRANE. POUR CE FAIRE, PLACER À LA LUMIÈRE.

EN_COMP_V2_01

Exhibit 4.3

Description of Aurinia Pharmaceuticals Inc. Common Shares

The following description of the authorized share capital of Aurinia Pharmaceuticals Inc. (Aurinia) is intended as a summary only. This summary is qualified in its entirety by reference to our amended certificate of amalgamation and our bylaws, both of which have been filed with the Securities and Exchange Commission and are incorporated by referenced or included as exhibits to this Annual Report, and to the applicable provisions of the *Business Corporations Act* (Alberta).

Our authorized share capital consists of an unlimited number of common shares, without nominal or par value.

Common Shares

Dividend Rights. The holders of common shares are entitled to receive such dividends as may be declared from time to time by the board of directors of Aurinia out of legally available funds.

Voting Rights. The holders of common shares are entitled to one vote per share held at meetings of shareholders, and do not have cumulative voting rights. Accordingly, the holders of a majority of the common shares entitled to vote in any election of directors can elect all of the directors standing for election.

Preemptive Rights. There are no statutory preemptive rights attached to the common shares.

Conversion or Redemption Rights. There are no conversion or redemption rights attached to the common shares.

Liquidation Rights. Holders of common shares are entitled to receive a pro rata share of the remaining property and assets upon dissolution or winding-up of Aurinia, after payments of all of our debts and other liabilities.

Exhibit 10.1

INDEMNITY AGREEMENT

THIS AGREEMENT made as of the ___ day of _____, 2020.

BETWEEN:

AURINIA PHARMACEUTICALS INC.,
a company incorporated under the laws of the Province of Alberta
("**Aurinia**")

OF THE FIRST PART

- and -

(Fill in Name)
(the "Executive")

OF THE SECOND PART

WHEREAS:

A. The Executive is an officer and/or director of Aurinia or any subsidiary or affiliate (as those terms are defined in the Business Corporations Act (Alberta) (the "**ABCA**") of Aurinia or a body corporate of which Aurinia is or was a shareholder or creditor.

B. Aurinia considers it desirable and in the best interests of Aurinia to enter into this Agreement to set out the circumstances and manner in which the Executive may be indemnified in respect of certain liabilities which the Executive may incur as a result of his acting as a director and/or officer of Aurinia or any subsidiary or affiliate (as those terms are defined in the ABCA) of Aurinia, or any other corporation in which the Executive is acting as a director or officer at the request of Aurinia and of which Aurinia is or was a shareholder or creditor;

IN WITNESS WHEREOF in consideration of the premises and the sum of ONE DOLLAR ($1.00) now paid by the Executive to Aurinia (the receipt and sufficiency of which is acknowledged by Aurinia) and in consideration of the mutual promises and covenants herein contained, the parties agree as follows:

1. **General Indemnity**

1.1 Except in respect of an action by or on behalf of Aurinia, or any subsidiary or affiliate of Aurinia or any body corporate of which Aurinia is or was a shareholder or a creditor to procure a judgment in its favour, Aurinia agrees, to the full extent allowed by law, to indemnify and hold harmless the Executive, his heirs and legal representatives, from and against any and all costs, charges, expenses, fees, damages or liabilities (including, without limitation, legal or other professional fees), without limitation, and whether incurred alone or jointly with others, which the Executive may suffer, sustain, incur or be required or ordered to pay arising out of or incurred in respect of any action, suit, proceeding, investigation or claim which may be brought, commenced, made, prosecuted or threatened against the Executive or any of the other directors or officers of Aurinia or which the Executive may be required to participate in or provide evidence in respect of (any of the same hereinafter being referred to as a "**Claim**") howsoever arising and whether arising in law, equity or under statute, regulation or governmental ordinance of any jurisdiction, for or in respect of any act, deed, matter or thing done, made, permitted or omitted by the Executive arising out of, or in connection with or incidental to the affairs of Aurinia or the exercise by the Executive of his powers or the performance of his duties as a director or officer of Aurinia or of any subsidiary or affiliate (as those terms are defined in the ABCA) of Aurinia, or a body corporate in which Aurinia is or was a shareholder or creditor (of which he is now, or in the future may become) including, without limitation, any and all costs, charges, expenses, fees, damages or liability which the Executive may suffer, sustain or incur or be required or ordered to pay in connection with investigating, initiating, defending, appealing, preparing for, providing evidence in, instructing and receiving the advice of his own or other counsel, or any amount paid to settle any claim or satisfy any judgment, fine or penalty; **PROVIDED THAT** the indemnity provided for herein will not be available to the extent that it is finally determined by a Court of competent jurisdiction after giving effect to any applicable appeals that in so acting the Executive was:

(a) not acting honestly and in good faith with a view to the best interests of Aurinia or any subsidiary or affiliate of Aurinia or a body corporate in which Aurinia is or was a shareholder or creditor, as the case may be; or

(b) in the case of a criminal or administrative action or proceeding that is enforced by a monetary penalty, the Executive did not have reasonable grounds for believing that his conduct was lawful.

1.2 Aurinia shall indemnify the Executive, his heirs and legal representatives, in respect of an action by or on behalf of Aurinia or a subsidiary or affiliate of Aurinia or a body corporate in which Aurinia is or was a shareholder or creditor to procure a judgment in its favour, to which the Executive is made a party by reason of being or having been a director or officer of Aurinia or a subsidiary or affiliate of Aurinia, or a body corporate of which Aurinia is or was a shareholder or creditor, from and against all losses, judgments, costs, charges and expenses, including any amount paid to settle the action or satisfy any judgment, actually or reasonably incurred by him in connection with or as a result of the said action, provided that the Executive was:

(a) acting honestly and in good faith with a view to the best interests of Aurinia or any subsidiary or affiliate of Aurinia or a body corporate in which Aurinia is or was a shareholder or creditor, as the case may be; or

(b) in the case of a criminal or administrative action or proceeding that is enforced by a monetary penalty, the Executive had reasonable grounds for believing that his conduct was lawful.

2. **Specific Indemnity for Statutory Obligations**

Without limiting the generality of the provisions of Section 1 hereof, Aurinia agrees, to the fullest extent permitted by law, to indemnify and save the Executive harmless from and against any and all costs, charges, expenses, fees and liabilities arising by operation of statute and incurred by or imposed upon the Executive in relation to the affairs of Aurinia or of any subsidiary or affiliate of Aurinia or a body corporate in which Aurinia is or was a shareholder or creditor in the Executive's capacity as director or officer thereof, including but not limited to, all statutory obligations to creditors, employees, suppliers, contractors, subcontractors, and any government or any agency or division of any government, whether federal, provincial, state, regional or municipal.

3. **Taxation Indemnity**

Without limiting the generality of the provisions of Sections 1 or 2 hereof, Aurinia agrees that the payment of any indemnity to or reimbursement of the Executive hereunder shall include any amount the Executive may be required to pay on account of applicable income or goods or services taxes arising out of the payment of such indemnity or reimbursement, without regard to any deductions, offsets, or adjustments.

4. **Partial Indemnification**

If the Executive is determined to be entitled under any provisions of this Agreement to indemnification by Aurinia for some or a portion of the costs, charges, expenses, fees, damages or liabilities incurred in respect of any Claim but not for the total amount thereof, Aurinia shall nevertheless indemnify the Executive for the portion thereof to which the Executive is determined by a Court of competent jurisdiction to be entitled.

5. **No Presumption as to Absence of Good Faith**

The determination of any Claim by judgment, order, settlement or conviction, or upon a plea of "nolo contendere" or its equivalent, shall not, of itself, create any presumption for the purposes of this Agreement that the Executive did not act honestly and in good faith with a view to the best interests of Aurinia or any subsidiary, as the case may be, or, in the case of a criminal or administrative action or proceeding, that he did not have reasonable grounds for believing that his conduct was lawful (unless the judgment or order of the Court specifically finds otherwise) or that the Executive had committed wilful neglect or gross default.

6. **Determination of Right to Indemnification**

If the payment of an indemnity hereunder requires the approval of a Court, under the provisions of the ABCA or otherwise, either Aurinia or the Executive may apply to a Court of competent jurisdiction for an order approving such indemnity by Aurinia of the Executive pursuant to this Agreement.

7. **Pre-payment of Expenses**

Costs, charges, expenses and fees incurred by the Executive in investigating, defending, appealing, preparing for, providing evidence in, instructing and receiving the advice of his counsel in regard to any Claim or other matter for which the Executive may be entitled to an indemnity or reimbursement hereunder, shall, at the request of the Executive, be paid or reimbursed by Aurinia in advance or forthwith upon such amount being due and payable, it being understood and agreed that, in the event it is ultimately finally determined (after giving effect to any applicable appeal) by a Court of competent jurisdiction that the Executive was not entitled to be so indemnified, or was not entitled to be fully so indemnified, that the Executive shall indemnify and hold harmless Aurinia, for such amount, or the appropriate portion thereof, so paid or reimbursed.

8. **Other Rights and Remedies Unaffected**

The indemnification and payment provided in this Agreement shall not derogate from or exclude any rights to which the Executive may be entitled under any provision of the ABCA or otherwise at law, the Articles or by-laws of Aurinia or any subsidiary or affiliate of Aurinia or other body corporate of which Aurinia is a shareholder or creditor, this Agreement, any applicable policy of insurance, guarantee or third-party indemnity, any vote of shareholders of Aurinia, or otherwise, both as to matters arising out of his capacity as a director and/or officer of Aurinia or a subsidiary or affiliate of Aurinia or a body corporate in which Aurinia is or was a shareholder or creditor, or as to matters arising out of any other capacity in which the Executive may act for or on behalf of Aurinia.

9. **Insurance**

Subject to availability at a reasonable cost to Aurinia, Aurinia shall, at its cost, purchase and maintain standard directors' and officers' liability insurance for the benefit of the Executive against any liability incurred by him,

(a) in his capacity as a director or officer of Aurinia, except where the liability relates to his failure to act honestly and in good faith with a view to the best interest of Aurinia, or

(b) in his capacity as a director or officer of a subsidiary or affiliate or another body corporate where he acts or acted in that capacity at the request of Aurinia, except where the liability relates to his failure to act honestly and in good faith with a view to the best interests of that body corporate.

10. **Notices of the Proceedings**

The Executive shall give reasonable notice, in writing, to Aurinia upon his being served with any statement of claim, writ, notice of motion, indictment, subpoena, investigation order or other document commencing or continuing any Claim involving Aurinia or the Executive, and Aurinia agrees to notify the Executive, in writing, forthwith upon it or any of its subsidiaries or affiliates being served with any statement of claim, writ, notice of motion, indictment, subpoena, investigation order or other document commencing or continuing any Claim involving the Executive.

11. **Aurinia and Executive to Cooperate**

Aurinia and the Executive shall, from time to time, provide such information and cooperation to the other as the other may reasonably request, in respect of all matters hereunder.

12. **Effective Timing**

This Agreement shall be deemed to have effect as and from the first date that the Executive became a director and/or officer of Aurinia or of any subsidiary or affiliate of Aurinia or a body corporate in which Aurinia is or was a shareholder or creditor.

13. **Extensions, Modifications**

This Agreement is absolute and unconditional and the obligations of Aurinia shall not be affected, discharged, impaired, mitigated or released by the extension of time, indulgence or modification which the Executive may extend or make with any person regarding any Claim against the Executive in connection with his duty as director or officer of Aurinia or any subsidiary or affiliate of Aurinia or in respect of any liability incurred by him as a director or officer of Aurinia or any subsidiary or affiliate of Aurinia or a body corporate in which Aurinia is or was a shareholder or creditor.

14. **Insolvency**

The liability of Aurinia under this Agreement shall not be affected, discharged, impaired, mitigated or released by reason of the discharge or release of the Executive in any bankruptcy, insolvency, receivership or other similar proceeding of creditors.

15. **Multiple Proceedings**

No action or proceeding brought or instituted under this Agreement and no recovery pursuant thereto shall be a bar or defence to any further action or proceeding which may be brought under this Agreement.

16. **Modification**

No modification of this Agreement shall be valid unless the same is in writing and signed by Aurinia and the Executive.

17. **Termination**

The obligations of Aurinia shall not terminate or be released upon the Executive ceasing to act as a director or officer of Aurinia or any subsidiary or affiliate of Aurinia at any time or times. Aurinia's obligations may be terminated or released only by a written instrument executed by the Executive.

18. **Notices**

Any notice to be given by one party to the other shall be sufficient if delivered by hand, deposited in any Post Office in Canada, registered, postage prepaid, or sent by means of electronic transmission (in which case any message so transmitted shall be immediately confirmed in writing and mailed as provided above), addressed, as the case may be:

(a) To: Aurinia Pharmaceuticals Inc.
#1203 – 4464 Markham Street
Victoria, BC V8Z 7X8

(b) To the Executive:

(Fill in Name and address)

or at such other address of which notice is given by the parties pursuant to the provisions of this section. Such notice shall be deemed to have been received when delivered, if delivered, and if mailed, on the fifth business day (exclusive of Saturdays, Sundays and statutory holidays) after the date of mailing. Any notice sent by means of electronic transmission shall be deemed to have been given and received on the day it is transmitted, provided that if such day is not a business day then the notice shall be deemed to have been given and received on the next business day following. In case of an interruption of the postal service, all notices or other communications shall be delivered or sent by means of electronic transmission as provided above, except that it shall not be necessary to confirm in writing and mail any notice electronically transmitted.

19. **Governing Law**

This Agreement shall be governed by and construed in accordance with the laws of the Province of Alberta and all disputes arising under this Agreement shall be referred to and the parties hereto irrevocably attorn to the jurisdiction of the Courts of Alberta.

20. **Further Assurances**

Aurinia and the Executive agree that they shall do all such further acts, deeds or things and execute and deliver all such further documents as may be necessary or advisable for the purpose of assuring and conferring on the Executive the rights hereby created or intended, and of giving effect to and carrying out the intention or facilitating the performance of the terms of this Agreement.

21. **Interpretation**

Wherever the singular or masculine are used in this Agreement, the same shall be construed as meaning the plural or the feminine or body corporate, and whenever the plural is used in this Agreement the same shall be construed as meaning the singular.

22. **Invalid Terms Severable**

If any term, clause or provision of this agreement shall be held to be invalid or contrary to law, the validity of any other term, clause or provision shall not be affected and such invalid term, clause or provision shall be considered severable.

23. **Binding Effect**

All of the agreements, conditions and terms of this agreement shall extend to and be binding upon Aurinia and its successors and assigns and shall enure to the benefit of and may be enforced by the Executive and his heirs, executors, administrators and other legal representatives, successors and assigns.

24. **Independent Legal Advice**

The Executive acknowledges that he has been advised to obtain independent legal advice with respect to entering into this Agreement, that he has obtained such independent legal advice or has expressly waived such advice, and that he is entering into this Agreement with full knowledge of the contents hereof, of his own free will and with full capacity and authority to do so.

25. **Power and Authority of Aurinia**

Aurinia represents and warrants to the Executive that this Agreement, when executed and delivered by Aurinia, will constitute a legal, valid and binding obligation of Aurinia and subject to the provisions under the ABCA and to any approval of the Court required thereunder, this Agreement and the obligations hereunder are enforceable against Aurinia in accordance with the terms hereof and that the execution and delivery of this Agreement and the performance thereof by Aurinia has been duly and properly authorized by all necessary corporate action.

26. **Legal Fees**

In the event that any action is instituted by the Executive under this Agreement to enforce or interpret any terms hereof, the Executive shall be entitled to be paid all Court costs and expenses, including reasonable legal fees on a solicitor and own client full indemnity basis, incurred by the Executive with respect to such action, unless as part of such action, the Court of competent jurisdiction determines that the assertions made by the Executive as a basis for such action are not made in good faith or were frivolous.

IN WITNESS WHEREOF Aurinia and the Executive have hereunto set their hands and seals effective as of the day and year first above written.

AURINIA PHARMACEUTICALS INC.

Per: _____

Peter Greenleaf
Chief Executive Officer

__ __
Witness Signature Fill in Name

_____
Print Witness Name

_____
Address

_____

Exhibit 10.5

Manufacturing Services Agreement
(the "Agreement")

by and between

Lonza Ltd
Münchensteinerstrasse 38

CH-4002 Basel
Switzerland

- hereinafter "Lonza" -

and

Aurinia Pharmaceuticals Inc.
1203-4464 Markham Street
Victoria BC V8Z 7X8 Canada

- hereinafter "Customer" -

Effective as of November 16, 2020 (the "Effective Date")

Certain identified information has been excluded from this exhibit because it both (i) is not material and (ii) would be competitively harmful if publicly disclosed.

Table of Contents

Recitals

WHEREAS, Customer and Lonza have entered into the Manufacturing Collaboration and Services Agreement, dated 22 November 2016 ("**MSA**"), pursuant to which Lonza currently manufactures and supplies the Intermediate and Final Product, known as voclosporin (Lonza code: IE-001), in its so called **"Launch Plant Facility"**;

WHEREAS, the Parties have agreed to enter into a new long-term supply agreement, which inter alia includes the construction of the Facility, dedicated to Customer, in which Lonza manufacture the Intermediate and Final Product for Customer;

WHEREAS, the Parties have signed Statement of Work 32, dated 13 December 2019, based on which Lonza is currently performing a basic design engineering study regarding the construction concept of the Facility (the "**Engineering Study**");

WHEREAS Parties acknowledge that the construction of the Facility and the manufacturing of (part of) the Final Product is subject to FDA approval of the Final Product; and

WHEREAS the Parties wish to record the commercial and operational terms of the Services in this Agreement.

NOW, THEREFORE, in consideration of the mutual promises contained herein, and for other good and valuable consideration, the parties intending to be legally bound, agree as follows:

1 Definitions and Interpretation

"Affiliate" means, as of any point in time and for as long as such relationship continues to exist, any company, partnership or other entity which directly or indirectly Controls, is Controlled by or is under common Control with the relevant Party. "Control" means the ownership of more than fifty percent (50%) of the issued share capital or the legal power to direct or cause the direction of the general management and policies of the relevant Party.

"Agreement" means this agreement incorporating all Appendices, including the Quality Agreement, all as amended from time to time by written agreement of the Parties.

"Applicable Laws" means all relevant U.S., Japanese, Canadian and European Union federal, state and local laws, statutes, rules, and regulations which are applicable to a Party's activities hereunder, including the applicable regulations and guidelines of any Governmental Authority and all applicable cGMP together with amendments thereto.

"Approval" means the first marketing approval by the FDA of Final Product from the Launch Plant Facility for commercial supply.

"Background Intellectual Property" means, subject to Clause 11.2, any Intellectual Property either (i) owned or controlled by a Party prior to the Effective Date or (ii) developed or acquired by a Party independently from the performance of the Services hereunder during the Term of this Agreement.

"Batch" means the Intermediate and/or Final Product derived from a single run of the Manufacturing Process.

"Campaign" means a series of cGMP Batches manufactured consecutively.

"Capital Equipment" means those certain pieces of equipment described in the Scope of Work used to produce the Intermediate and/or Final Product that are purchased by Customer or for which Customer reimburses Lonza, including the related documentation regarding the design, validation, operation, calibration and maintenance of such equipment. The equipment used in the Facility is "Capital Equipment" hereunder.

"Capital Program Fees" has the meaning given in **Appendix A**.

"Certificate of Analysis" means a document prepared by Lonza: listing the manufacturing date and unique Batch number;

certifying that such Batch was manufactured in accordance with the Master Batch Record and cGMP, if applicable; listing tests performed by Lonza or approved External Laboratories, the Specifications and test results, all as further described in the Quality Agreement.

"cGMP" means those laws and regulations applicable in the U.S. Japan, Canada and Europe, relating to the manufacture of medicinal products for human use, including current good manufacturing practices as specified in the ICH guidelines, including ICH Q7A "ICH Good Manufacturing Practice Guide for Active Pharmaceutical Ingredients", US Federal Food Drug and Cosmetic Act at 21CFR (Chapters 210, 211, 600 and 610) and the Guide to Good Manufacturing Practices for Medicinal Products as promulgated under European Directive 91/356/EEC. For the avoidance of doubt, Lonza's operational quality standards are defined in internal cGMP policy documents.

"cGMP Batches" means any Batches which are required under the Scope of Work to be manufactured in accordance with cGMP.

"Change" means any change to the Services, pricing or scope of work incorporated into a written amendment to the Agreement in accordance with Clause 17.2 or effected in accordance with the Quality Agreement.

"Commencement Date" means the date of commencement of manufacturing activities for a Batch hereunder.

"Confidential Information" means Customer Information and Lonza Information, as the context requires.

"Confirmatory Batch" means a Batch that is intended to demonstrate the transfer of the Manufacturing Process to the Facility.

"Customer Information" means all technical and other information not known to Lonza (excluding information known to Lonza pursuant to the Isotechnika Agreements) or in the public domain relating to the Manufacturing Process or the Intermediate and/or Final Product disclosed from time to time by the Customer to Lonza, including any materials supplied by Customer to Lonza in accordance with the Scope of Work.

"Customer Materials" means any Raw Materials, components of Product, or other materials of any nature provided by or on behalf of Customer under this Agreement.

"EMA" means the European Medicines Agency, or any successor agency thereto.

"Exclusivity" has the meaning given in Clause 9.8.

“External Laboratories” means any Third Party instructed by Lonza, with Customer’s prior consent, which is to conduct activities required to complete the Services.

“Facility” or "Monoplant" means that part of the manufacturing facility in the Launch Plant Facility in Visp, Switzerland, fully dedicated to Customer, in which Lonza will manufacture the Intermediate and/or Final Product, exclusively for Customer, after construction of the Facility is completed.

“FDA” means the United States Food and Drug Administration, or any successor agency hereto.

"Fixed Facility Fee" has the meaning given in **Appendix A**.

“Final Product” means the proprietary molecule identified by Customer as Voclosporin, to be manufactured using the Manufacturing Process by Lonza for Customer as specified in the Scope of Work.

“Final Product Production Fee” means the fee to be paid by Customer for the manufacturing of Intermediate and immediate conversion into the Final Product, as set out in **Appendix A**.

“Governmental Authority” means any relevant or applicable Regulatory Authority and any national, multi-national, regional, state or local regulatory agency, department, bureau, or other governmental entity in the U.S., Japan, Canada or European Union.

“HPFB” means the Health Products and Food Branch of Health Canada or any successor agency thereto.

“Intellectual Property” means (i) inventions (whether or not patentable), patents, trade secrets, copyrights, trademarks, trade names and domain names, rights in designs, rights in computer software, database rights, rights in confidential information (including know-how) and any other intellectual property rights, in each case whether registered or unregistered, (ii) all applications (or rights to apply) for, and renewals or extensions of, any of the rights described in the foregoing clause (i) and (iii) and all rights and applications that are similar or equivalent to the rights and application described in the foregoing clauses (i) and (ii), which exist now, or which come to exist in the future, in any part of the world.

“Intermediate” means the intermediate product resulting from manufacturing through step 3 of the Manufacturing Process, to be manufactured in the Facility.

“Isotechnika Agreements” Isotechnika Lonza Toll Manufacturing Agreement of March 4, 2008 and June 7, 2004 between Isotechnika Inc. and Lonza.

“Lonza Information” means all technical and other information not known to Customer or in the public domain that is proprietary to Lonza or any Affiliate of Lonza and that is maintained in confidence by Lonza or any Affiliate of Lonza that is disclosed by Lonza or any Affiliate of Lonza to Customer under or in connection with this Agreement;

“Manufacturing Process” means the production process provided by Customer for the manufacture of Intermediate and/or Final Product, as such process may be improved or modified from time to time by agreement of the Parties in writing.

“Master Batch Record” means the document, proposed by Lonza and approved by Customer, which defines the manufacturing methods, test methods and other procedures, directions and controls associated with the manufacture and testing of Intermediate and/or Final Product.

“Material Failure to Supply” means, notwithstanding any claim for the benefit of the Force Majeure provisions hereof, for each of any two (2) consecutive calendar quarter periods for the remainder of the Term, Lonza has failed or in the event it is evident that Lonza will fail to supply at least 50% of the Intermediate or Final Product to be supplied in accordance with the terms of this Agreement, except where such failure would not have occurred but for the breach of this Agreement or Applicable Law, negligence or willful misconduct of Customer.

"MSA" means the Manufacturing Collaboration and Services Agreement, dated 22 November 2016, between Lonza and Customer.

“New Customer Intellectual Property” has the meaning given in Clause 11.2.

“New General Application Intellectual Property” has the meaning given in Clause 11.3.

“Operational Qualification” means that the Facility works in a manner which is compliant with relevant regulatory guidelines such as Annex 15 of the EU Guide to Good Manufacturing Practice. It permits the formal

release of the Facility, systems and equipment following the finalization of calibration, operating and cleaning procedures, operator training and preventative maintenance systems as documented through approved protocols and reports.

“Party” means each of Lonza and Customer and, together, the “Parties”.

“PMDA” means the Pharmaceuticals and Medical Devices Agency of Japan, or any successor agency thereto.

“Price” or "Fee" means the price for the Services, for Intermediate and/or Final Products as set out in **Appendix A**.

“Process Validation Batch” means a Batch that is produced with the intent to show reproducibility of the Manufacturing Process and is required to complete process validation studies.

“Product” means Intermediate and/or Final Product, depending on the use of the definition.

“Scope of Work” means the plan(s) describing the Services to be performed by Lonza under this Agreement, including any update and amendment of the Scope of Work to which the Parties may agree from time to time. The initial Scope of Work is attached hereto as **Appendix B**. Additional Scopes of Work can be added as required and agreed upon between the Parties.

“Quality Agreement” means the quality agreement attached hereto as **Appendix D**, setting out the responsibilities of the Parties in relation to quality as required for compliance with cGMP.

“Raw Materials” means all ingredients, solvents and other components of the Intermediate and/or Final Product required to perform the Manufacturing Process or Services set forth in the bill of materials detailing the same (but excluding any consumables or wearables), which may include Cyclosporin A.

“Regulatory Authority” means the FDA, PMDA, HPFB, EMA and any other similar relevant and applicable regulatory authorities as may be agreed upon in writing by the Parties.

“Release” has the meaning given in Clause 9.1.

“Services” means all or any part of the services to be performed by Lonza under this Agreement (including process and analytical method transfer, process development, process optimization, validation, clinical and commercial manufacturing, as well as quality control and

quality assurance activities), particulars of which are set out in a Scope of Work.

"Stage 3 Intermediate Fee" means the fee for manufacturing the Intermediate in the Facility, as set out in **Appendix A**.

"Stage 3 Intermediate Conversion Fee, Visp" means the fee to be paid by Customer for the conversion of Intermediate into the Final Product, as set out in **Appendix A**.

“Specifications” means the specifications of the Intermediate and/or Final Product as specified in **Appendix C**, which may be amended from time to time in accordance with this Agreement.

“Term” has the meaning given in Clause 15.1.

“Third Party” means any party other than Customer, Lonza and their respective Affiliates.

"Variable Manufacturing Fees” means the Final Product Production Fee, Stage 3 Intermediate Fee, and Stage 3 Intermediate Conversion Fee, Visp.

In this Agreement references to the Parties are to the Parties to this Agreement, headings are used for convenience only and do not affect its interpretation, references to a statutory provision or guideline include references to the statutory provision or guideline as modified or replaced or re-enacted or both from time to time and to any subordinate legislation made under the statutory provision, references to the singular include the plural and vice versa, and references to the word “including” are to be construed without limitation.

2 Conditions Precedent

2.1 This Agreement and the rights and obligations of Customer under this Agreement shall be subject to the satisfaction on or before February 28, 2021 of the following conditions, which conditions are for the exclusive benefit of Customer and may be waived in whole or in part by Customer by notice in writing to Lonza on or before February 28, 2021:

2.1.1 Approval of the Final Product.

2.2 Customer may decide to trigger the provisions earlier than this date by written notice to Lonza. If such notice is given, then the conditions set out in this Clause are waived and for the purposes of construction of the Facility, the date of such notice shall be deemed to be the Approval date.

2.3 Notwithstanding anything else in this Agreement, if, after February 28, 2021, any of the conditions in Clause 2.1 shall have been neither fulfilled nor waived, then: the Parties shall have a good faith discussion as to how the terms of the Agreement will be adapted to accommodate new timelines and Fees and in the event the Parties fail to reach an agreement within sixty (60) days of referral to the Chief Executive Officers or Presidents of the Parties in accordance with Clause 17.5, on notice in writing from either Party, this Agreement shall terminate with the consequences set out in Clause 15.3.3.

2.4 Customer may place orders for Product under and in accordance with the MSA until Lonza is able to use the Facility to meet Customer's ongoing needs for Product.

3 Construction of Facility

3.1 Subject to Clause 2.2, Lonza will start the construction of the Facility on the 8th (eighth) calendar day after Customer has been granted Approval ("**Scenario 1**"), unless Customer requests Lonza in writing within seven (7) calendar days after receiving Approval, that Customer wishes Lonza to postpone the construction of the Facility for a period of up to six (6) months ("**Scenario 2**"). This request – as mentioned above – shall be sent by Customer to Lonza in accordance with Clause 17.3.

3.2 The initial Scope of Work, attached to this Agreement as **Appendix B**, will specify the specifications for the Facility, including the Capital Equipment to be acquired by Lonza for installation at the Facility, certain milestones associated with the construction and testing of the Facility and the schedule for completion of each milestone. An updated Scope of Work based on the results of the Engineering Study, will be provided by Lonza to Customer. Customer shall review, and the Parties will discuss in good faith, the results of the Engineering Study before finalization. Lonza shall take comments of Customer into account, acting reasonably. The proposed design and user requirements will be signed off by Customer.

3.3 Lonza may use external subcontractors during the construction of the Facility without the prior written permission of Customer, provided that any external subcontractors shall be subject to the same obligations and other provisions contained in this Agreement or any applicable Scope of Work and Lonza shall remain fully responsible for the performance of any such subcontractors. Customer shall commit such of its personnel or its agents with appropriate expertise to provide reasonable monitoring and technical consultation for the construction of the Facility.

3.4 Lonza recognizes the importance of timely execution of the Scope of Work and accordingly shall give priority to the Scope of Work, assign adequate staffing and other resources and use all diligent and commercially reasonable efforts to achieve successful completion of the Facility according to the schedule set forth in the Scope of Work.

3.5 Lonza shall use the Facility and the Capital Equipment solely for the supply of Product to Customer.

4 Performance of Services

4.1 Performance of Services. Lonza shall itself and through its Affiliates, diligently carry out the Services as provided in the Scope(s) of Work without any material defect and use commercially reasonable efforts to perform the Services according to the estimated timelines as set forth in the Scope(s) of Work(s). Lonza shall retain appropriately qualified and trained personnel with the requisite knowledge and experience to perform the Services in accordance with this Agreement. Lonza may subcontract or delegate to External Laboratories any of its rights or obligations under this Agreement to perform the Services; provided, that any

External Laboratories shall be subject to the same obligations and other provisions contained in this Agreement or any applicable Scope of Work. Lonza shall be responsible to Customer for the performance of any External Laboratories.

4.2 Start-up of Facility. The Parties shall separately agree, acting reasonably, to a Scope of Work for the start-up of the Facility, to cover Technology Transfer, Process Qualification, Confirmatory Batches and Process Validation Batches. Customer shall fully support such activities as reasonably requested by Lonza. Except as otherwise set out in this Agreement or otherwise agreed between the Parties, the Fees for Lonza's activities under the Scope of Work form a part of the Capital Program Fee. Customer will pay Lonza the Final Product Production Fee for Confirmatory Batches and Process Validation Batches.

4.3 Process Validation Batches. Lonza shall manufacture and deliver Process Validation Batches as necessary as mutually agreed by Parties sufficient to document the operability and reproducibility of the Manufacturing Process and permit the Parties to complete and file the necessary regulatory documents for regulatory approval of the Facility and the Facility's use by Lonza to manufacture Product.

4.4 Supply of Product. Lonza shall supply Customer with an adequate supply of Product to satisfy Customer's Purchase Orders as further specified in Clause 8, which Lonza shall store pursuant to Clauses 9.3 and 9.4. The Intermediate, manufactured by and stored at Lonza on behalf of Customer, will be used by Lonza solely to manufacture the Final Product for Customer.

4.5 Supply of Customer Information. Customer shall supply to Lonza within a reasonable period all additional Customer Information and other information or materials in the possession or control of Customer that may be reasonably required by Lonza to perform the Services. Lonza shall not be responsible for any delays arising out of Customer's failure to provide such Customer Information, or other information or materials reasonably required to perform the Services to Lonza, and Customer shall be responsible for all additional out-of-pocket costs arising out of such failure.

4.6 Raw Materials. Lonza shall procure all required Raw Materials as well as consumables other than those Raw Materials that are Customer Materials. Upon termination of the Agreement, or cancellation of a Purchase Order, all unused Raw Materials at Customer's option will either be (a) held by Lonza for future use for the production of Product for Customer, (b) delivered to Customer, or (c) disposed of by Lonza.

4.7 Long Lead Time Raw Materials. At any time, in addition the Purchase Order provisions of Clause 8, Customer may issue a purchase order for the procurement of long lead time Raw Materials (including Cyclosporin A) by Lonza with the goal of reducing the lead times for the supply of Product. Customer shall be responsible for payment for all such Raw Materials ordered to be procured by Lonza hereunder. In such event, Lonza will, subject to availability, procure and store such Raw Materials, without additional charge and use same solely in the performance of the Services. Lonza will credit the cost of such Raw Materials procured by Customer against Variable Manufacturing Fees payable by Customer.

4.8 Reference Standards. Lonza shall maintain all required reference standards. Customer shall provide Lonza a list of minimum inventories that must be maintained for each reference standard and update that list on an annual basis. Lonza shall maintain an inventory sufficient to meet the foregoing minimum inventories of each reference standard. Customer shall notify Lonza at least 30 days before the reference standards exceed retest date, after which notification, Lonza shall start the corresponding qualification activities. The Parties shall agree acting reasonably via separate Scope(s) of Work regarding the reference standards including the preparation of the impurity markers. The costs of reference standard qualification are included in the Variable Manufacturing Fees but the impurity marker preparation will be billed under the separate Scope(s) of Work. Customer will pay Lonza the Final Product Production Fee for required reference standards.

4.9 Specifications. The Parties acknowledge that during the course of the performance of the Services, the Specifications may change and Lonza will make all reasonable attempts to accommodate Customer's request(s) for changes to the Specifications, provided that corresponding reasonable adjustments to the timing and pricing for material changes to the Services are made by the Parties, acting reasonably.

5 Project Management / Steering Committee

5.1 Promptly after the Effective Date, Lonza and Customer shall each identify a project manager who will be exclusively responsible for communicating all instructions and information concerning the Scope of Work to the other Party (the "**Project Manager"**). In addition, Lonza's Project Manager will be responsible for keeping the Steering Committee and Customer's Project Manager informed as to the status of the Facility construction and will promptly advise the Steering Committee of any material delay in the achievement of any milestone set forth in the Scope of Work. Each Project Manager shall be available on at least once every two (2) calendar months basis for consultation (i.e. face-to-face meetings (if required), telephone-conferences and/or videoconferences) at times prearranged by the Parties during the term of this Agreement. Each Party shall appoint a substitute or replacement Project Manager in the absence of its original Project Manager by notifying the other Party in writing of such substitution or replacement.

5.2 Steering Committee. Each Party shall name a mutually agreed upon equal number of representatives for the Steering Committee, which shall meet quarterly, or as otherwise mutually agreed by the Parties. In the event that a Steering Committee dispute cannot be resolved, such dispute shall be escalated in accordance with Clause 17.5.

The primary function of the Steering Committee is to ensure the ongoing communication between the Parties and discuss and resolve any issues arising under this Agreement. In addition to the primary function described above, the Steering Committee shall also take on the following responsibilities:

5.2.1 discuss and seek resolution of issues around management of the Services;

5.2.2 monitor progress toward construction of the Facility and discuss and agree, acting reasonably, to any required modifications to the Scope of Work;

5.2.3 agree and monitor deadlines and milestones for the Services; and

5.2.4 discuss and recommend any changes to the Services (although such changes will not take effect until they have been incorporated into a written amendment to the Scope of Work which has been signed by the Parties).

5.3 Role of Steering Committee. The Steering Committee shall have the authority expressly allocated to the Steering Committee in this Agreement, but shall not have the right to interpret, modify, amend, vary and/or waive compliance with any of the terms of this Agreement.

5.4 Person in Plant during construction of Facility. Lonza shall permit up to three (3) Customer's representatives (including its Project Manager) to inspect the Facility under construction at all reasonable times, for short periods of time (up to three (3) days in a row) and upon reasonable advanced written notice for the purpose of observing the construction of the Facility and compliance with the Scope of Work.

5.5 Person in Plant during Manufacturing. Customer shall be permitted to have, at no additional cost, one (1) representative at the Facility as reasonably requested by Customer, at any time during the Manufacturing Process of Confirmatory Batches, cGMP batches or Process Validation Batches for the purpose of observing, reporting on, and consulting as to the performance of the Services. Such representative shall be subject to and agree to abide by confidentiality obligations to Third Parties and Lonza's customary practices and operating procedures regarding persons in plant, and such representative agrees to comply with all reasonable instructions of Lonza's employees at the Lonza site and the Facility. Customer may request on its own costs the presence of more than one representative to be present at the Facility with the consent of Lonza, such consent not to be unreasonably withheld.

5.6 Inspections of Inventories and Facility. On reasonable notice from Customer, Lonza shall permit Customer and its representatives to inspect inventories of Raw Materials, Customer Materials and Product in Lonza's control, the Capital Equipment and the Facility.

6 Quality

6.1 Responsibility for quality assurance and quality control of Product shall be allocated between Customer and Lonza as set forth in the Quality Agreement and in Lonza standard operating procedures. If there is a conflict between the terms and conditions of this Agreement and the Quality Agreement, the terms and conditions of this Agreement shall prevail. If the Quality Agreement is not in place at the Effective Date, Lonza and Customer commit to enter into the Quality Agreement in a timely manner, but in no event later than the commencement of cGMP manufacturing.

6.2 Provisions regarding inspections by Regulatory Authorities and audits and other inspections by or on behalf of Customer shall be set out in the Quality Agreement. Any audit by Customer does not relieve Lonza of its obligations to comply with

Applicable Laws and does not constitute a waiver of any right otherwise available to Customer.

6.3 During the Term, Lonza shall provide Customer with reasonable assistance and cooperation, at the expense of Customer, to support Customer in obtaining regulatory approvals for the Product, or any product containing the Product for any indications in any country. On request in writing from Customer, Lonza shall provide all original documents or copies of original documents and any other materials, data and information that are reasonably requested by Customer for submission, or for use in the preparation of applications to be submitted, to any Regulatory Authority for the purpose of seeking, obtaining or maintaining such regulatory approvals for the Product or a product containing the Product in any country, in accordance within timelines mutually agreed upon between the Parties.

6.4 At Lonza's expense, Lonza will obtain and maintain any licenses, permits and regulatory approvals for the Facility and the Facility's use to manufacture Product. Lonza will promptly notify Customer if Lonza receives notice that any such license, permit, or approval is or may be revoked or suspended.

6.5 In addition to its obligations in Clause 6.3, Lonza will, at Customer's expense and at Lonza's then-standard rates, complete and file any necessary regulatory documents, including the drug master file ("**DMF**"). Customer and its licensees shall have access and a right of reference to the DMF. Such activities may be described by the Parties, acting reasonably, in a separate Scope of Work. Any changes to the DMF shall be provided to Customer in accordance with the Quality Agreement.

6.6 Lonza shall ensure that the results of its work pursuant to its performance of the Services are accurately recorded and accessible to Customer (or its respective designees), including all documentation and data generated therefrom. In addition to the reports required in connection with the Services, Lonza shall regularly update Customer on its progress in performing the Services by attending meetings and/or conference calls at places and times to be mutually determined by the Parties or upon the reasonable additional request of Customer. If Customer requests any Services from Lonza pursuant to this Clause 6.6 beyond those performed by Lonza in accordance with its standard operating procedures, then Lonza will advise Customer of same and Customer will bear the cost of the performance of such Services. Lonza shall make its standard operating procedures available at the Lonza site for review by Customer at Customer's reasonable request.

6.7 To the extent that no specific quality requirements are outlined in the Quality Agreement, Customer accepts that the general Lonza quality standards are applied regarding the performance of the Services. Lonza shall make its general quality standards available at the Lonza site for review by Customer at Customer's reasonable request.

7 Insurance

7.1 Lonza shall, at its own cost and expense, obtain and maintain in full force and effect during the Term the following: (A) Commercial General Liability Insurance with a per-occurrence limit of not less than **[redacted]** and shall include naming Customer as Additional Insured with 30 days' notice of material change or

cancellation; and (B) Workers' Compensation Insurance with statutory limits and Employers Liability Insurance with limits of not less than **[redacted]**per accident; and (C) Property Insurance which will include all risk replacement cost insurance on Customer's Capital Equipment and the Facility; and (D) Machinery Breakdown Insurance including Spoilage Insurance in an amount to cover damage to applicable production campaign; and (E) Business Interruption Insurance in an amount necessary and sufficient for Lonza's continued operations.

7.2 Customer shall, at its own cost and expense, obtain and maintain in full force and effect during the Term the following: (A) Commercial General Liability Insurance with a per-occurrence limit of not less than **[redacted]**and shall include naming Lonza as Additional Insured with thirty (30) days' notice of material change or cancellation.

8 Forecasting, Ordering and Cancellation

8.1 Forecasting and Ordering. To enable planning of Intermediate and Final Product and purchase of necessary Raw Materials, the Project Managers shall on a regular basis discuss Customer's future demand and Customer shall on a quarterly basis provide Lonza with a written forecast showing Customer's good faith non-binding estimated quarterly requirements for Batches for the following **[redacted]**period for manufacturing and delivery of Final Product, including a **[redacted]**forecast for manufacturing of Intermediate and Final Product (such **[redacted]**forecast, the "**Forecast**"). Subject to the physical limitations of the Facility, the manufacturing process and the availability of Raw Materials, the final scheduling and rescheduling of Commencement Dates shall be determined by Customer, in consultation with Lonza. No later than **[redacted]**following Lonza's receipt of such Forecast, Lonza shall provide Customer with a reasonable estimated production plan and schedule (for the production of Intermediate, the production of Final Product, and the conversion of Intermediate into Final Product) showing the estimated Commencement Dates, proposed Purchase Order dates and delivery dates for Product as necessary to meet the Forecast (the "**Production Plan**"). Unless otherwise agreed between the Parties, the Production Plan will provide for the following:

8.1.1 Lonza's proposed Commencement Dates shall allow for the manufacture and delivery of Product in accordance with the Forecast and shall be driven by Customer, in consultation with Lonza. Lonza will move Commencement Dates as reasonably requested by Customer.

8.1.2 Subject to the Maximum Annual Capacity of the Facility, if Cyclosporin A (and Intermediate in respect of Clause 8.1.2(c)) will be on hand as of the proposed Commencement Date:

(a) for the manufacture of Final Product as contemplated in Clause 8.2.3, the Commencement Date shall be no more than **[redacted]**from the issuance of the Purchase Order set out in the Production Plan; and

(b) for the manufacture of Intermediate as contemplated in Clause 8.2.4, the Commencement Date shall be no more than **[redacted]**from the issuance of the Purchase Order set out in the Production Plan; and

(c) for the conversion of Intermediate into Final Product as contemplated in Clause 8.2.5, the Commencement Date shall be no more than **[redacted]**from the issuance of the Purchase Order set out in the Production Plan.

8.1.3 If Cyclosporin A will not otherwise be on hand as of the proposed Commencement Date:

(a) for the manufacture of Final Product as contemplated in Clause 8.2.3, the Commencement Date shall be no more than twelve (12) months from the issuance of the Purchase Order set out in the Production Plan; and

(b) for the manufacture of Intermediate as contemplated in Clause 8.2.4, the Commencement Date shall be no more than twelve (12) months from the issuance of the Purchase Order set out in the Production Plan.

Each Purchase Order triggers the purchase of Raw Materials including Cyclosporin A in advance of the Commencement Date. If the lead time for Cyclosporin A changes, the Parties will adjust the timelines set out in this Clause.

8.2 Purchase Orders: In order to manage and execute the payment process, Customer shall submit the following purchase orders ("**Purchase Orders**").

8.2.1 ***Purchase Order for Capital Program Fee***. Within seven (7) days following Approval of the Final Product, Customer shall place a binding Purchase Order for the Capital Program Fee in the amount of **[redacted]**. Lonza shall invoice Customer for the Capital Program Fee in accordance with **Appendix A**.

8.2.2 ***Purchase Order for Fixed Facility Fee***. Following Operational Qualification of the Facility, Customer shall place a binding Purchase Order for the Fixed Facility Fee due from **[redacted]**up to the end of the initial Term of the Agreement, as defined in Clause 15.1, subject to early cancellation in accordance with the terms of Clause 15.2 hereof. For the sake of clarity, in the event that the Facility meets the Operational Qualification on the **[redacted]**, Customer shall issue a Purchase Order in the amount of **[redacted]**, i.e. for the period starting on the **[redacted]**. Lonza shall invoice Customer for the Fixed Facility Fee in accordance with **Appendix A**.

8.2.3 ***Purchase Order for manufacture of Final Product****. Provided that the Production Plan is acceptable to Customer, Customer shall place* Purchase Orders as set out in the Production Plan for the manufacture of Intermediate and the immediate conversion into Final Product as required to satisfy the requirements of the Final Product production plan. Lonza shall invoice Customer for the manufacture of Intermediate and the immediate conversion into Final Product ("**Final Product Production Fee**") in accordance with **Appendix A**.

8.2.4 ***Purchase Order for manufacture of Intermediate***: *Provided that the Production Plan is acceptable to Customer,* Customer shall place Purchase Orders as set out in the Production Plan for the manufacture of Intermediate as required to satisfy the requirements of the Intermediate production plan. Lonza shall invoice Customer for the manufacture of Intermediate ("**Stage 3 Intermediate Fee**") in accordance with **Appendix A**.

8 . 2 . 5 ***Purchase Order for conversion of Intermediate into Final Product***. *Provided that the Production Plan is acceptable to Customer,* Customer shall place Purchase Orders as set out in the Production Plan for conversion of stored Intermediate into Final Product as required to satisfy the requirements of the Intermediate conversion production plan. Lonza shall invoice Customer for the conversion of Intermediate into Final Product ("**Stage 3 Intermediate Conversion Fee**") in accordance with **Appendix A**.

8.2.6 ***Discretionary Supply of Raw Materials***. If, in respect of any Purchase Order for Final Product or Intermediate placed pursuant to Clauses 8.2.3 or 8.2.4, Customer has issued a purchase order for the acquisition of Raw Materials (other than Cyclosporin A) by Lonza in accordance with Clause 4.7, then the period between the placement of the Purchase Order pursuant to Clauses 8.2.3 or 8.2.4 and the Commencement Date shall be reduced by a reasonable amount to reflect the availability of such Raw Materials.

8.2.7 ***Discretionary Purchase Order for manufacture of Product in Excess of Production Plan***. Customer may place a Purchase Order for the manufacture of Intermediate and/or Final Product in excess of the requirements of the Final Product production plan. Lonza shall invoice Customer for the manufacture of Intermediate and the immediate conversion into Final Product ("**Final Product Production Fee**") in accordance with **Appendix A**.

8.3 Order Confirmation.

8.3.1 Each Purchase Order issued in accordance with this Clause 8 will be regarded by the Parties as a binding commitment by Lonza to manufacture and to deliver to Customer the relevant quantity of Product according to the requirements set out in such Purchase Order. If Lonza fails to confirm a Purchase Order within the period for doing so, Lonza shall be deemed to have confirmed such Purchase Order.

8.3.2 Provided that the volumes in any Purchase Order conform to the volumes set out in the Production Plan, Lonza shall use reasonable efforts to deliver the Intermediate and/or Final Product on the delivery date set forth in the Purchase Order; provided that actual delivery dates may not vary more than **[redacted]**from the date specified in the Purchase Order, unless otherwise agreed to by the Customer.

8.3.3 For each Purchase Order issued in accordance with Clause 8.2.7 for amounts of Product in excess of those set out in the production plan or for delivery in periods shorter than the periods set out in the Production Plan, Customer will advise Lonza and Lonza shall use

reasonable efforts to deliver the Intermediate and/or Final Product on the delivery date set forth in the applicable Purchase Order, with Customer bearing any incremental costs of such additional efforts, provided that costs have been agreed-to in advance, acting reasonably.

8.3.4 Any additional or inconsistent terms or conditions of any Customer Purchase Order, Lonza confirmation, acknowledgement or similar standardized form given or received pursuant to this Agreement shall have no effect and such terms and conditions are hereby rejected.

8 . 4 Maximum Annual Capacity. Parties acknowledge and agree that: if the Facility is used to manufacture Intermediate and Final Product, the maximum annual capacity of the Facility, once operational, is approximately **[redacted]**of Final Product equivalent; and if the Facility is used to manufacture Intermediate only, the maximum annual capacity of the Facility, once operational, is approximately **[redacted]**of Intermediate; (in either case, the "**Maximum Annual Capacity**"). This Clause 8.4 does not limit Lonza's obligations under Clause 8.3.2 to deliver up to the Maximum Annual Capacity, and above the Maximum Annual Capacity, to use the efforts set out in Clause 8.3.3.

8.5 Intermediate Inventory. Parties shall mutually agree on an Intermediate stock strategy, which will be updated on a yearly basis.

8 . 6 Cancellation of a Purchase Order for Intermediate and/or Final Product.For the avoidance of doubt, and subject to Clause 4.6 (above), Parties agree that in the event Customer cancels a Purchase Order for Intermediate and/or Final Product, no cancellation fee or other consideration shall be due.

9 Delivery and Acceptance

9.1 Delivery of Intermediate. All Intermediate shall be delivered FCA (as defined by Incoterms® 2020) the Facility. Lonza shall deliver to Customer the Certificate of Analysis and such other documentation as is defined in the Quality Agreement and as is reasonably required to meet all applicable regulatory requirements of the Governmental Authorities not later than the date of delivery of Batches (the "**Release**").With respect to Released Intermediate, title and risk of loss shall transfer to Customer upon Release in accordance with this provision, provided however that if Lonza stores the Intermediate pursuant to Clause 9.3, Lonza shall be responsible for any loss that is the result of Lonza's breach of this Agreement or Applicable Law, negligence or willful misconduct.

9.2 Delivery of Final Product. All Final Product shall be delivered FCA (as defined by Incoterms® 2020) the Facility. Lonza shall deliver to Customer the Certificate of Analysis and such other documentation as is defined in the Quality Agreement and as reasonably required to meet all applicable regulatory requirements of the Governmental Authorities not later than the date of delivery of Batches (the "Release"). With respect to any Customer Materials, , title and risk of loss shall remain with the Customer, provided however that Lonza shall be responsible for any loss that is the result of Lonza's breach of this Agreement or Applicable Law, negligence or willful misconduct. With respect to Final Product, title and risk of loss shall transfer to Customer upon Release in accordance with this provision, except as otherwise set out in Clause 9.4.

9 . 3 Storage of Intermediate. Lonza shall provide storage on a bill and hold basis for the Intermediate at no charge for as long as Customer continues to order Final Product. In the event that Customer fails to order Final Product for **[redacted]**, such Intermediate storage will be stored at no charge for up to **[redacted]**from the date of Release of each Batch; provided that any additional storage beyond thirty-six (36) months will be subject to availability and, if available, will be charged to Customer at the storage rate set out in as set out in **Appendix A** or as otherwise agreed upon between the Parties. In addition to this Clause 9.3, Customer shall be responsible for all value added tax (VAT) and any other applicable taxes, levies, import, duties and fees of whatever nature imposed as a result of any storage. Within five (5) business days following a written request from Lonza, Customer shall provide Lonza with a letter in form satisfactory to Lonza confirming the bill and hold status of the Intermediate.

9.4 Storage of Final Product. Customer shall arrange for shipment and take delivery of each Batch of Final Product from the Facility, at Customer's expense, within sixty (60) days after Release or pay the storage rate set out in as set out in **Appendix A**. Lonza shall provide storage on a bill and hold basis for such Batch(es) at no charge for up to **[redacted]**and shall be responsible for any loss that is the result of Lonza's breach of this Agreement or Applicable Law, negligence or willful misconduct during this storage period; provided that any additional storage beyond **[redacted]**may be subject to availability and, if available, may be charged to Customer at the storage rate set out in as set out in **Appendix A** or as otherwise agreed upon between the Parties. In addition to this Clause 9.4, Customer shall be responsible for all value added tax (VAT) and any other applicable taxes, levies, import, duties and fees of whatever nature imposed as a result of any storage. Within five (5) days following a written request from Lonza, Customer shall provide Lonza with a letter in form satisfactory to Lonza confirming the bill and hold status of each stored Batch of Final Product.

9.5 General Requirements. Lonza shall maintain and keep Final Product, Raw Materials, Intermediate and other Customer Materials in its care in accordance with any agreed specifications for such storage and secure and safe from loss and damage in such manner as Lonza stores its own material of similar nature.

9.6 Acceptance/Rejection of Intermediate and/or Final Product.

9.6.1 Promptly following Release of the Final Product Batches, Customer shall have the right to inspect such Batches and shall have the right to test such Batches to determine compliance with the Specifications and the requirements set forth in the Quality Agreement. Customer shall also have the right to inspect and test the Intermediate Batches upon Release. Customer shall notify Lonza in writing of any rejection of a Batch based on any claim that it fails to meet Specifications within sixty (60) days of Release, after which time all unrejected Batches shall be deemed accepted. Notwithstanding the foregoing, if Customer and/or its designee first discovers that any Batch is a Failed Batch and such failure would not have been readily discoverable from a reasonable testing or review of the Intermediate or Final Product, as applicable, (collectively, "Latent Defects"), Customer shall have the continuing right to reject the Batch, provided it notifies Lonza of the Latent Defect within **[redacted]**after the discovery of the Latent Defect, but no later than, in respect of Intermediate shipped to Customer (or a Third Party appointed by Customer), **[redacted]**after delivery of such Intermediate to Customer or the

Third Party; and in respect of Final Product, **[redacted]**after delivery of the Final Product.

9.6.2 In the event that Lonza believes that a Batch has been incorrectly rejected, Lonza may require that Customer provide to it Batch samples for testing. Lonza may retain and test the samples of such Batch. In the event of a discrepancy between Customer's and Lonza's test results such that Lonza's test results fall within relevant Specifications, or there exists a dispute between the Parties over the extent to which such failure is attributable to a given Party, the Parties shall cause an independent laboratory promptly to review records, test data and perform comparative tests and analyses on samples of the Product that allegedly fails to conform to Specifications. Such independent laboratory shall be mutually agreed upon by the Parties. The independent laboratory's results shall be in writing and shall be final and binding save for manifest error. Unless otherwise agreed to by the Parties in writing, the costs associated with such testing and review shall be borne by the Party against whom the independent laboratory rules.

9.6.3 Any Batch which fails to conform with the Specifications will be designated as a "**Failed Batch**". In the event of a Failed Batch, regardless of responsibility, such replacement shall be made as promptly as practicable, in light of available manufacturing capacity.

9.6.4 In the event that it is determined (by the Parties or the independent laboratory) that such Failed Batch was due to Lonza's breach of its obligations hereunder, negligence or intentional misconduct, such Failed Batch will be deemed to be a "**Lonza Responsibility**" hereunder and Lonza shall **[redacted]**.

9.7 Material Failure to Supply. In the event of a Material Failure to Supply, in addition to Customer's other rights hereunder, Customer may exercise any or all of the following:

9.7.1 at Customer's request, Lonza shall make reasonable efforts to use the Launch Plant, subject to availability, to provide the Services or use alternative Lonza manufacturing facilities, and Customer will pay the Variable Manufacturing Fees for Product so manufactured;

9.7.2 Customer may cancel any Purchase Orders that are subject to the Material Failure to Supply;

9.7.3 Customer may elect to be relieved of its Exclusivity obligations hereunder in accordance with Clause 9.7.3;

9.7.4 Lonza shall, on notice from Customer, perform the technology transfer activities in accordance with Clause 11.9 at Lonza's expense;

9.7.5 at Customer's request, Lonza shall make efforts to use third parties to provide the Services subject to the Failure to Supply, subject to Customer's consent as to the identity of the third party(ies) and the terms on which such third party(ies) provide such Services; and

9.7.6 Customer may terminate this Agreement on notice with the consequences as if such termination were made in accordance with Clause 15.2.4.

9.8 Exclusivity of Supply.

9.8.1 Exclusivity Customer. During the Term of the Agreement, Customer commits to purchase 100% of Customer's Intermediate and Final Product demand from Lonza and/or its Affiliates.

9.8.2 Exclusivity Lonza. During the Term of the Agreement, Lonza commits to supply the Intermediate and Final Product to Customer (and as directed by Customer) on an exclusive basis and to no other third party.

10 Price and Payment

10.1 Pricing for the Intermediate, Final Product and Services provided by Lonza are set out in **Appendix A**.

10.2 All invoices that are not subject to a good faith dispute must be made within **[redacted]** of date of invoice. Customer will inform Lonza in writing if it disputes any invoice or amounts specified therein within **[redacted]** of its receipt thereof.

10.3 Unless otherwise indicated in writing by Lonza, all Prices and charges are exclusive of value added tax (VAT) and of any other applicable taxes, levies, import, duties and fees of whatever nature imposed by or under the authority of any government or public authority and all such charges applicable to the Services shall be paid by Customer.

10.4 If in default of payment of any undisputed invoice the due date, or in respect of any overpayment or underpayment under Clause 10.8, interest shall accrue on any amount overdue at the lesser of (i) rate of **[redacted]** per month above the London Interbank Offered Rate (LIBOR), provided that the LIBOR rate shall be deemed not to fall **[redacted]** or (ii) the maximum rate allowable by applicable law, interest to accrue on a day to day basis until full payment. In the event that adequate and reasonable means do not exist for ascertaining LIBOR for any applicable period, then, the Parties shall, acting reasonably, amend this Agreement solely for the purpose of replacing LIBOR in accordance with this Clause with a SOFR-based rate or another alternate benchmark rate. For the purposes hereof, “SOFR” means the secured overnight financing rate published for such day by the Federal Reserve Bank of New York, as the administrator of the benchmark (or a successor administrator) on the Federal Reserve Bank of New York’s website.

10.5 Variable Manufacturing Fees adjustments.

10.5.1 Not more than once per calendar year, starting in the calendar year following which the Facility reached Operational Qualification, the Parties may adjust the Variable Manufacturing Fees in accordance with the European Union Producer Prices Index (or any successor index) for the increase for the previous calendar year, to a maximum of **[redacted]**. The Variable Manufacturing Fees adjustment shall be

effective for any Batch for which the delivery date is on or after the date of the Variable Manufacturing Fees adjustment.

10.5.2 To the extent not captured in the above, the Variable Manufacturing Fees may be changed by Lonza, upon reasonable prior written notice to Customer (providing reasonable detail in support thereof), to reflect only the additional cost incurred by Lonza resulting from (i) an increase in variable costs (such as energy or Raw Materials) by more **[redacted]**in the preceding calendar year (based on the initial Variable Manufacturing Fees or any previously amended Variable Manufacturing Fees), or for a required process adjustment, and (ii) any material change in an environmental, safety or regulatory standard that causes Lonza's cost to perform the Services to increase by more than **[redacted]**.

10.6 The Parties, acting reasonably, will develop an expected yield for the conversion of Intermediate to Final Product, which will be used to determine the adjustments to the payment for Intermediate and Final Product to take into account unexpected losses of Raw Materials, Customer Materials and Intermediate during the manufacture of Final Product.

10.7 Financial Records. Lonza shall, and shall cause its Affiliates to, keep complete and accurate books and records pertaining to the Capital Program Fee and any price adjustments made or to be made pursuant to Clause 10.5.2 in sufficient detail to calculate all amounts payable hereunder and to verify compliance with its obligations under this Agreement. Such books and records shall be retained by such Lonza and its Affiliates during the Term and for two (2) years thereafter or for such longer period as may be required by Applicable Laws.

10.8 Audit. At the reasonable request of Customer, Lonza shall, and shall cause its Affiliates to, permit an independent public accounting firm of nationally recognized standing designated by Customer and reasonably acceptable to Lonza, at reasonable times during normal business hours and upon reasonable notice, to audit the books and records maintained pursuant to Clause 10.7 to ensure the accuracy of all reports and invoices issued hereunder. Such examinations may not more than once in any calendar year. The cost of this audit shall be borne by Customer, unless the audit reveals a variance of more than five percent (5%), in which case Lonza shall bear the cost of the audit. If additional amounts were owed by Customer, Customer shall pay the additional amounts, with interest from the date originally due, or if excess payments were made by Customer, Lonza shall reimburse such excess payments, with interest from the date of the overpayment, in either case, within sixty (60) days after the date on which such audit is completed.

11 Intellectual Property

11.1 Except as expressly otherwise provided herein, neither Party will, as a result of this Agreement, acquire any right, title, or interest in any Background Intellectual Property of the other Party. In the case of Customer, such Background Intellectual Property shall include the voclosporin intellectual property of Isotechnika's assignee, Customer, and the process for the manufacture of Product as it exists as of the Effective Date. In the case of Lonza, such Background Intellectual

Property shall include, but not be limited to, the intellectual property related with the Micro-reactor and Continuous Flow Technology.

11.2 Subject to Clause 11.3, Customer shall own all right, title, and interest in and to any and all Intellectual Property that Lonza and its Affiliates, the External Laboratories or other contractors or agents of Lonza, solely or jointly with Customer or others, develops, conceives, invents, first reduces to practice or makes in the course of performance of the Services, that is (i) applicable to the development or manufacture of the Product or Product components or (ii) is a derivative of or improvement of or requires use of or relates specifically to Customer Information or Customer Background Intellectual Property (collectively, the "New Customer Intellectual Property"), and may obtain patent, copyright and other proprietary protection therein at its own discretion and cost. For avoidance of doubt, "New Customer Intellectual Property" shall include any material, processes or other items that embody, or that are claimed or covered by, any of the foregoing Intellectual Property, but excluding any New General Application Intellectual Property.

11.3 Notwithstanding Clause 11.2, and subject to the license granted in Clause 11.5, Lonza shall own all right, title and interest in Intellectual Property that Lonza and its Affiliates, the External Laboratories or other contractors or agents of Lonza, solely or jointly with Customer or others, develops, conceives, invents, first reduces to practice or makes in the course of performance of the Services that is generally applicable to the development or manufacture of chemical or biological products or product components, and does not include, require use of or relate specifically to, any Customer Background Intellectual Property, Customer Information, and/or Product ("New General Application Intellectual Property"). For avoidance of doubt, "New General Application Intellectual Property" shall include any material, processes or other items that embody, or that are claimed or covered by, any of the foregoing Intellectual Property.

11.4 Lonza hereby assigns to Customer all of its right, title and interest in any New Customer Intellectual Property. Lonza shall execute, and shall require its personnel as well as its Affiliates, External Laboratories or other contractors or agents and their personnel involved in the performance of the Services to execute, any documents reasonably required to confirm Customer's ownership of the New Customer Intellectual Property, and any documents required to apply for, maintain and enforce any patent or other right in the New Customer Intellectual Property. Upon Customer's request and at Customer's expense, and at no cost to Lonza, Lonza shall use reasonable efforts to assist Customer to apply for, maintain and enforce any patent or other right in the New Customer Intellectual Property.

11.5 Subject to the terms and conditions set forth herein, Lonza hereby grants to Customer a non-exclusive, world-wide, fully paid-up, irrevocable, transferable license, including the right to grant sublicenses, under the New General Application Intellectual Property, to make, have made, use, sell, offer for sale and import Product.

11.6 Customer hereby grants Lonza the non-exclusive right to use the Customer Information, Customer Background Intellectual Property and New Customer Intellectual Property during the Term solely for the purpose of fulfilling its obligations under this Agreement.

11.7 Customer herewith grants to Lonza a non-exclusive, world-wide, fully paid-up, transferable license, including the right to grant sublicenses to all New Customer Intellectual Property for use outside the field of Product.

11.8 In addition to the license granted pursuant to Clause 11.5 above, Customer shall have the option, exercisable on written notice to Lonza, to obtain from Lonza, to the extent that such is necessary to manufacture the Product, a non-exclusive, world-wide, transferable license, including the right to grant sublicenses, under Lonza Information and Lonza Background Intellectual Property used in the production of Product by Lonza, to make, have made, use, sell, offer for sale and import Product. In the event of any exercise of such option by Customer, Customer shall pay to Lonza a reasonable royalty to be agreed upon by the Parties, such royalty not to exceed **[redacted]**. This license from Lonza to Customer does not include a license to the Continuous Flow/Microreactor technology intellectual property and equipment (collectively, "MRT") owned or licensed by Ehrfeld Mikrotechnik BTS. In case Customer wishes to use such MRT, Customer needs to enter into an agreement to procure the MRT separately from this Agreement either through Ehrfeld Mikrotechnik BTS or directly through Lonza for use outside of Lonza's premises.

11.9 Upon the written request of Customer, Lonza shall use its reasonable commercial efforts to assist and cooperate with Customer in the transition of the manufacture and supply of Product from Lonza to Customer or a new Third Party supplier selected by Customer, including the provision of documents, samples, process-related know-how, and other information and assistance with the timely validation and qualification of such Third Party supplier; provided that Customer agree to compensate Lonza for the reasonable costs and expenses incurred by Lonza for the assistance provided by Lonza hereunder. Lonza shall carry out such technology transfer within four (4) months of the written request of Customer.

11.10 As of the Effective Date, no royalty or licensing fee is payable for the use of the Lonza Information or Lonza Background Intellectual Property under any license contemplated to be granted in accordance with Clause 11.5 or 11.8.

11.11 Lonza shall not use any Lonza Intellectual Property (including Lonza Information or Lonza Background Intellectual Property) other than as specified in the Scope of Work in performing the Services without the prior written consent of Customer. Lonza will, at the time of seeking such consent, propose commercially reasonable terms for the commercial use of such Lonza Intellectual Property under any license to be granted in accordance with Clause 11.8.

12 Warranties

12.1 Lonza warrants and agrees that:

12.1.1 the Services shall be performed in accordance with the terms of this Agreement and all Applicable Laws and with reasonable skill and care;

12.1.2 the Facility will at all times be maintained as required under the Scope of Work, including any maintenance recommended by manufacturers of Capital Equipment, staffed with appropriately trained and qualified personnel and will be operated with reasonable skill and care in accordance with Applicable Laws;

12.1.3 as of the Effective Date, to the best of Lonza's knowledge and belief, the use by Lonza of the any Lonza Intellectual Property used in performing the Services (including Lonza Information or Lonza Background Intellectual Property), if any, for the performance of the Services as provided herein shall not infringe any Third Party Intellectual Property rights;

12.1.4 Lonza will promptly notify Customer in writing if it receives or is notified of a formal written claim from a Third Party that Lonza Information, Lonza Background Intellectual Property, New Customer Intellectual Property or New General Application Intellectual Property or that the use by Lonza thereof for the provision of the Services infringes any Intellectual Property or other rights of any Third Party;

12.1.5 except with respect to any development services and Engineering Batches or any other special batch circumstances mutually agreed to by the parties, the manufacture of Product shall be performed in accordance with cGMP and the Quality Agreement and will meet the Specifications at the date of delivery;

12.1.6 it or its Affiliate performing Services holds all necessary permits, approvals, consents and licenses to enable it to perform the Services at the Facility; and

12.1.7 it has the necessary corporate authorizations to enter into and perform this Agreement.

12.2 Customer warrants and agrees that:

12.2.1 as of the Effective Date, to the best of its knowledge and belief, the use by Lonza of the Customer Information, Customer Materials and Customer Background Intellectual Property for the Services (including the manufacture of the Product) shall not infringe any Third Party Intellectual Property rights;

12.2.2 Customer will promptly notify Lonza in writing if it receives or is notified of a formal written claim from a Third Party that Customer Information, Customer Background Intellectual Property, New Customer Intellectual Property or New General Application Intellectual Property or that the use by Lonza thereof for the provision of the Services infringes any Intellectual Property or other rights of any Third Party; and

12.2.3 Customer has the necessary corporate authorizations to enter into this Agreement.

12.3 DISCLAIMER: THE WARRANTIES EXPRESSLY SET FORTH IN THIS AGREEMENT ARE IN LIEU OF ALL OTHER WARRANTIES, AND ALL OTHER WARRANTIES, BOTH EXPRESS AND IMPLIED, ARE EXPRESSLY DISCLAIMED, INCLUDING ANY WARRANTY OF MERCHANTABILITY OR FITNESS FOR A PARTICULAR PURPOSE.

13 Indemnification and Liability

13.1 Indemnification by Lonza. Lonza shall indemnify the Customer, its Affiliates, and their respective directors, officers, employees and agents ("Customer Indemnitees") from and against any loss, damage, costs and expenses (including reasonable attorney fees) that Customer Indemnitees may suffer as a result of any Third Party claim arising out of (i) any material breach of the warranties given by Lonza in Clause 12.1 above or (ii) any claims alleging that the Services (excluding use by Lonza of Customer Information and Customer Background Intellectual Property) infringe any Intellectual Property rights of a Third Party or (iii) the negligence or intentional misconduct of Lonza; except, in each case, to the extent that such claims resulted from the negligence, intentional misconduct or breach of this Agreement by any Customer Indemnitees.

13.2 Indemnification by Customer. Customer shall indemnify Lonza, its Affiliates, and their respective directors, officers, employees and agents ("Lonza Indemnitees") from and against any loss, damage, costs and expenses (including reasonable attorney fees) that Lonza Indemnitees may suffer as a result of any Third Party claim arising out of (i) any material breach of the warranties given by Customer in Clause 12.2 above; or (ii) any claims alleging that the performance of Services infringes any Intellectual Property rights of a Third Party, only as respects Customer Information, Customer Materials and/or Customer Background Intellectual Property, provided to Lonza; or (iii) the manufacture, use, sale, or distribution of any Product, including any claims of product liability; except, in each case, to the extent that such claims resulted from the negligence, intentional misconduct or breach of this Agreement by any Lonza Indemnitees.

13.3 Indemnification Procedure. If the Party to be indemnified intends to claim indemnification under this Clause 13, it shall promptly notify the indemnifying Party ("Indemnitor") in writing of such claim. The Indemnitor shall have the right to control the defense and settlement thereof; provided, however, that: (i) the Indemnitor must obtain the prior written consent of the indemnitee (not to be unreasonably withheld) before entering into any settlement of such Third Party claim; (ii) any indemnitee shall have the right to retain its own counsel at its own expense; and (iii) if the amount sought in any Third Party claim (alone or in aggregate with all other Third Party claims) (collectively, "Covered Claims") exceeds the amounts payable by the Indemnitor pursuant to Clause 13.5 or the indemnitee otherwise believes that the total amount payable pursuant to the Covered Claims may exceed the amounts payable by the Indemnitor pursuant to Clause 13.5, then the Parties shall discuss and use reasonable efforts to agree who has conduct and control of the Covered Claims, provided that if the Parties are not able to agree within thirty (30) days after the indemnitee provides Indemnitor with notice of its desire to take over control of such Covered Claims (or such shorter period as necessary to preserve all of the indemnitee's rights), the indemnitee may, at its election, retain full control over the such Covered Claims unless the Indemnitor executes a separate agreement with the indemnitee agreeing that it shall pay all amounts payable in connection with such Covered Claims irrespective of the limitation of liability in Clause 13.5. If the indemnitee elects to control the defense of any Covered Claim as permitted herein, the Indemnitor, its employees and agents, shall reasonably cooperate, at the Indemnitor's expense, with the indemnitee in the investigation of any liability covered by this Clause 13 with respect to such Covered Claim(s). The indemnitee, its employees and agents, shall reasonably cooperate with the

indemnitor in the investigation of any liability covered by this Clause 13. The failure to deliver prompt written notice to the indemnitor of any claim, to the extent prejudicial to its ability to defend such claim, shall relieve the indemnitor of any obligation to the indemnitee under this Clause 13.

13.4 DISCLAIMER OF CONSEQUENTIAL DAMAGES. IN NO EVENT SHALL EITHER PARTY BE LIABLE TO THE OTHER PARTY FOR INCIDENTAL, INDIRECT, SPECIAL, PUNITIVE OR CONSEQUENTIAL DAMAGES, LOST PROFITS OR LOST REVENUES ARISING FROM OR RELATED TO THIS AGREEMENT, EXCEPT TO THE EXTENT RESULTING FROM 1) FRAUD, GROSS NEGLIGENCE OR INTENTIONAL MISCONDUCT; 2) BREACH OF ANY OBLIGATION OF CONFIDENTIALITY OR LIMITED USE OR INFRINGEMENT OF THE OTHER PARTY'S INTELLECTUAL PROPERTY.

13.5 LIMITATION OF LIABILITY. EACH PARTY'S LIABILITY WITH RESPECT TO ANY CLAIM OR RELATED SET OF CLAIMS UNDER THIS AGREEMENT SHALL IN NO EVENT EXCEED, IN THE AGGREGATE, **[redacted]**, EXCEPT TO THE EXTENT RESULTING FROM SUCH PARTY'S FRAUD, GROSS NEGLIGENCE OR INTENTIONAL MISCONDUCT. NOTWITHSTANDING THE FOREGOING, EACH PARTY'S LIABILITY UNDER THIS AGREEMENT WITH RESPECT TO ANY CLAIM OR RELATED SET OF CLAIMS WHICH A PARTY IS OBLIGED TO INDEMNIFY THE OTHER PARTY FROM IN ACCORDANCE WITH CLAUSE 13.1 OR 13.2 SHALL IN NO EVENT EXCEED, IN THE AGGREGATE, **[redacted],** EXCEPT TO THE EXTENT RESULTING FROM SUCH PARTY'S FRAUD, GROSS NEGLIGENCE OR INTENTIONAL MISCONDUCT.

14 Confidentiality

14.1 A Party receiving Confidential Information (the "Receiving Party") agrees to strictly keep secret any and all Confidential Information received during the Term from or on behalf of the other Party (the "Disclosing Party") using at least the same level of measures as it uses to protect its own Confidential Information, but in any case at least commercially reasonable and customary efforts. Confidential Information shall include information disclosed in any form including but not limited to in writing, orally, graphically or in electronic or other form to the Receiving Party, observed by the Receiving Party or its employees, agents, consultants, or representatives, or otherwise learned by the Receiving Party under this Agreement, which the Receiving Party knows or reasonably should know is confidential or proprietary. Notwithstanding the foregoing, each Receiving Party may disclose the Confidential Information of the Disclosing Party to those third parties (including Customer's licensees and potential licensees) to whom such disclosure is necessary or useful to exercise the Receiving Party's rights under this Agreement and to investment bankers and other financial institutions of its choice and prospective shareholders and lenders, solely for purposes of financing the business operations of the Receiving Party, provided that such disclosees have signed appropriate non-disclosure agreements.

14.2 Notwithstanding the foregoing, Receiving Party may disclose to any courts and/or other authorities Confidential Information which is or will be required pursuant to applicable governmental or administrative or public law, rule, regulation or order. In such case the Receiving Party will, to the extent legally permitted, inform the other Party promptly in writing and cooperate with the Disclosing Party in seeking

to minimize the extent of Confidential Information which is required to be disclosed to the courts and/or authorities.

14.3 The obligation to maintain confidentiality under this Agreement does not apply to Confidential Information, which:

14.3.1 at the time of disclosure was publicly available; or

14.3.2 is or becomes publicly available other than as a result of a breach of this Agreement by the Receiving Party; or

14.3.3 as the Receiving Party can establish by competent proof, was rightfully in its possession at the time of disclosure by the Disclosing Party and had not been received from or on behalf of Disclosing Party or, in the case of Lonza as the Receiving Party, had also not been received from or on behalf of Isotechnika under the Isotechnika Agreements; or

14.3.4 is supplied to a Party by a Third Party which was not in breach of an obligation of confidentiality to Disclosing Party or any other party; or

14.3.5 is developed by the Receiving Party independently from and without use of the Confidential Information, as evidenced by contemporaneous written records.

14.4 The Receiving Party will use Confidential Information only for the purposes of this Agreement and will not make any use of the Confidential Information for its own separate benefit or the benefit of any Third Party including, with respect to research or product development or any reverse engineering or similar testing. The Receiving Party agrees to return or destroy promptly (and certify such destruction) on Disclosing Party's request all written or tangible Confidential Information of the Disclosing Party, except that one copy of such Confidential Information may be kept by the Receiving Party in its confidential files for record keeping purposes only.

14.5 Each Party will restrict the disclosure of Confidential Information to such officers, employees, consultants and representatives of itself and its Affiliates who have been informed of the confidential nature of the Confidential Information and who have a need to know such Confidential Information for the purpose of this Agreement. Prior to disclosure to such persons, the Receiving Party shall bind its and its Affiliates' officers, employees, consultants and representatives to confidentiality and non-use obligations no less stringent than those set forth herein. The Receiving Party shall notify the Disclosing Party as promptly as practicable of any unauthorized use or disclosure of the Confidential Information.

14.6 The Receiving Party shall at any time be fully liable for any and all breaches of the confidentiality obligations in this Clause 14 by any of its Affiliates or the employees, consultants and representatives of itself or its Affiliates.

14.7 Each Party hereto expressly agrees that any breach or threatened breach of the undertakings of confidentiality provided under this Clause 14 by a Party may cause irreparable harm to the Disclosing Party and that money damages may not provide a sufficient remedy to the non-breaching Party for any breach or threatened breach. In the event of any breach and/or threatened breach, then, in

addition to all other remedies available at law or in equity, the Disclosing Party shall be entitled to seek injunctive relief and any other relief deemed appropriate by the Disclosing Party.

14.8 Notwithstanding the foregoing, Customer may use and disclose the Lonza Information, to the extent incorporated into the manufacturing process, as necessary to exploit Customer's rights under any license to be granted in accordance with Clause 11.5 or 11.8.

15 Term and Termination

15.1 Term. This Agreement shall commence on the Effective Date and shall end on: (i) January 1, 2025, if no Operational Qualification of the Facility has occurred on or before such date; or (ii) **[redacted]** after Operational Qualification of the Facility, unless terminated earlier as provided herein (the "**Term**"). Two (2) years before the end of the initial Term, the Parties shall discuss in good faith whether to extend the Term.

15.2 Termination. This Agreement may be terminated as follows:

15.2.1 by either Party if the other Party or its Affiliate breaches a material provision of this Agreement or a Scope of Work and fails to cure such breach to the reasonable satisfaction of the non-breaching Party within **[redacted]** (**[redacted]**for non-payment) following written notification of such breach from the non-breaching party to the breaching party; provided, however, that such **[redacted]**period shall be extended as agreed by the Parties if the identified breach is incapable of cure within **[redacted]** and if the breaching Party provides a plan and timeline to cure the breach, promptly commences efforts to cure the breach and diligently prosecutes such cure (it being understood that this extended period shall be unavailable for any breach regarding non-payment).

15.2.2 by Customer if Customer elects to withdraw the Product from the FDA or EMA market, on **[redacted]**prior written notice to Lonza;

15.2.3 by either Party: (i) immediately, if the other Party is dissolved or liquidated, makes a general assignment for the benefit of its creditors, or files or (ii) if the other Party has filed against it, a petition in bankruptcy or has a receiver appointed for a substantial part of its assets and in either case such action is not dismissed within **[redacted]**; or

15.2.4 by Customer in the event of a Material Failure to Supply; or

15.2.5 by the Party whose performance is not prevented as permitted pursuant to Clause 16 (Force Majeure).

15.3 Consequences of Termination.

15.3.1 In the event of termination hereunder by Lonza in accordance with Clauses 15.2.1 (breach), 15.2.3 (bankruptcy), or 15.2.5 (force majeure), or in the event of termination by Customer under Clause 15.2.2 (withdrawal from market, provided that such withdrawal is not due to Lonza), Lonza shall be compensated for (i) Services rendered up to the date of termination, including in respect of any Product in-

process; (ii) all expenses and documented, non-cancellable costs reasonably incurred by Lonza through the date of termination directly in anticipation of performance of the Services (including building the Facility) or manufacture of Product; (iii) all unused Raw Materials shall be paid for by Customer within **[redacted]**of invoice for such Raw Materials; (iv) Lonza's reasonable costs to do the technology transfer activities in accordance with Clause 11.9 and comply with handling of unused Raw Materials in accordance with Clause 15.3.4(f); (v) any unpaid Capital Program Fees; and (vi) any unpaid Fixed Facility Fees as they become due each calendar quarter. Lonza shall use reasonable efforts to secure a new project for the Facility. In the event that Lonza secures a new project for the Facility the unpaid Fixed Facility Fees shall be reduced by an amount equal to the payments associated with such replacement project. Such unpaid Fixed Facility Fees shall be payable until the earlier of: (i) the date on which the Term would have expired as per Clause 15.1; (ii) the date which is four years after the date of termination of the Agreement; or (iii) in the event that Lonza removes the Facility or makes a use of a substantial part of the Facility for a purpose other than for a replacement project, the date of such removal or commencement of such other use.

15.3.2 In the event of termination hereunder by Customer in accordance with Clauses 15.2.1 (breach), 15.2.3 (bankruptcy), 15.2.4 (Material Failure to Supply) or 15.2.5 (force majeure): at Customer's option, any Purchase Orders issued prior to the termination date that have not been filled will be cancelled. Customer shall compensate Lonza for any Intermediate and/or Final Product that has been Released on or before the termination date in accordance with the terms of this Agreement. Lonza shall (a) perform the technology transfer activities in accordance with Clause 11.9 and comply with handling of unused Raw Materials in accordance with Clause 15.3.4(f), in each case at Lonza's expense; and (b) Lonza shall refund to Customer (i) the entire Capital Program Fee paid by Customer if the Facility has not yet achieved Operational Qualification on the termination date (ii) an amount equal to the entire Capital Program Fee multiplied by: (one (1) minus the Termination Fee Fraction if the Facility achieved Operational Qualification prior to the termination date). For purposes hereof, the "**Termination Fee Fraction**" shall be that fraction the numerator of which is the number of full calendar months between the date of Operational Qualification of the Facility and the termination date and the denominator of which is **[redacted]**. Customer shall have no further obligation to pay Fixed Facility Fees.

15.3.3 In the event of termination hereunder by Customer in accordance with Clause 2.3, neither Party shall have any rights or obligations hereunder, all to the same effect as if the Parties had never entered into this Agreement (except for Clauses 11, 12.3, 13.4, 13.5, 14, and 17, and all without prejudice to any rights and obligations of the parties under any other agreements between the Parties. For clarity, Clauses 15.3.4 and 15.4 shall not survive.

15.3.4 In the event of any early termination or expiry of this Agreement for whatever reason

(a) Lonza shall promptly return to Customer all Customer Information and shall dispose of or return to Customer all Customer Materials and any materials therefrom, as directed by Customer;

(b) Lonza and Customer shall do all such acts and things and shall sign and execute all such deeds and documents as the other may reasonably required to evidence compliance with this Clause 15.3;

(c) at the request of Customer, Lonza shall perform the transfer the Manufacturing Process in accordance with Clause 11.9;

(d) at the option of Customer, unless otherwise provided herein, binding Purchase Orders under Clause 8.1 shall survive, and Lonza shall use commercially reasonable efforts to perform the Services for up to two (2) years from the date of termination;

(e) Customer shall compensate Lonza for any Intermediate and/or Final Product that has been Released on or before the termination date and made available to Customer;

(f) at Customer's option, all unused Raw Materials held by Lonza will either be (a) delivered to Customer, or (b) disposed of by Lonza;

(g) at Customer's request and expense and at Lonza's convenience, transfer the Capital Equipment that can be removed without material damage to Lonza's property and/or the Facility) to Customer;

(h) Lonza shall no longer use and/or exploit any Customer Information, Customer Materials, Customer's Background Intellectual Property and/or New Customer Intellectual Property except to the extent licensed in accordance with Clause 11.

15.4 Survival. The rights and obligations of each Party which by their nature survive the termination or expiration of this Agreement shall survive the termination or expiration of this Agreement, including Clauses 1, 4.6, 4.8, 6.5, 9 - 17 (to the extent relevant). Clauses 5.6 and 10.8 shall survive the termination or expiration of this Agreement for a period of one year or, if Customer is making payments of Fixed Facility Fees pursuant to Clause 15.3.1, for a period of one year after such payments are due to cease.

16 Force Majeure

16.1 If a Party is prevented or delayed in the performance of any of its obligations under the Agreement by Force Majeure and gives written notice thereof to the other Party specifying the matters constituting Force Majeure together with such evidence as the affected Party reasonably can give and specifying the period for which it is estimated that such prevention or delay will continue, such Party shall be excused from the performance or the punctual performance of such obligations as the case may be from the date of such notice for so long as such cause of prevention or delay shall continue. Provided that, if such Force Majeure persists for a period of **[redacted]**or more, the Party whose performance is not prevented may terminate this Agreement by delivering written notice to the other Party.

16.2 “Force Majeure” shall be deemed to include any reason or cause beyond a Party’s reasonable control affecting the performance by such Party of its obligations under the Agreement, including any cause arising from or attributable to acts of God, strike, lockouts, labor troubles, restrictive governmental orders or decrees, riots, insurrection, war, terrorists acts, or the inability of such Party to obtain any required raw material, energy source, equipment, labor or transportation, or the COVID-19 virus, including any measures taken by authorities in response to the COVID-19 virus, and/or the availability of human resources and raw materials due to the COVID-19 virus.

17 Miscellaneous

17.1 Severability. If any provision hereof is or becomes at any time illegal, invalid or unenforceable in any respect, neither the legality, validity nor enforceability of the remaining provisions hereof shall in any way be affected or impaired thereby. The Parties hereto undertake to substitute any illegal, invalid or unenforceable provision by a provision which is as far as possible commercially equivalent considering the legal interests and the Purpose.

17.2 Amendments/Assignment.

17.2.1 Modifications and/or amendments of this Agreement must be in writing and signed by the Parties.

17.2.2 Lonza shall be entitled to instruct one or more of its Affiliates to perform any of Lonza’s obligations contained in this Agreement, but Lonza shall cause such Affiliates to comply with the terms of this Agreement and remain fully responsible in respect of those obligations.

17.2.3 Subject thereto, neither Party may assign its interest under this Agreement without the prior written consent of the other Party, such consent not to be unreasonably withheld, conditioned or delayed, provided, however that (a) each Party may assign this Agreement, without the other Party’s consent, to (i) any Affiliate or (ii) any third party in connection with the sale or transfer (by whatever method) of all or substantially all of the assets of the business related to the Facility, the Services or the Product, and (b) Lonza shall be entitled to sell, assign and/or transfer its trade receivables resulting from this Agreement without the consent of the Customer, and (c) Customer shall be entitled to assign this Agreement to a licensee of rights to the Product without the consent of the Lonza. For purposes of this Clause 17.2, the terms “assign” and “assignment” shall include the sale or transfer or other assignment of all or substantially all of the assets of the Party or the line of business or Product to which this Agreement relates. Any purported assignment without a required consent shall be void. No assignment shall relieve any Party of responsibility for the performance of any obligation that accrued prior to the effective date of such assignment. The assigning Party shall have no obligation to the other Party arising after the assignment, provided that the assigning Party’s assignee expressly assumes, for the benefit of the other Party, the obligations of the assigning Party hereunder.

17.3 Notice. All notices must be written and sent to the address of the Party first set forth above. All notices must be given (a) by personal delivery, with receipt acknowledged, (b) by facsimile followed by hard copy delivered by the methods under (c) or (d), (c) by prepaid certified or registered mail, return receipt requested, or (d) by prepaid recognized next business day delivery service. Notices will be effective upon receipt or at a later date stated in the notice.

17.4 Governing Law/Jurisdiction. This Agreement is governed by and construed in all respects by the laws of the State of New York, USA, without regard to its conflicts of laws principles. Subject to Clause 17.5, the Parties agree to submit to the exclusive jurisdiction of the US federal courts located in the County and State of New York, USA. The United Nations Convention on Contracts for the International Sales of Goods is expressly disclaimed.

17.5 Disputes. Except as otherwise expressly set forth in this Agreement (including with respect to any matters that are determined by an independent laboratory), any disputes relating to issues arising from this Agreement shall, in the absence of resolution within **[redacted]**of the dispute arising, be referred to the Chief Executive Officers or Presidents (as the case may be) of each of the Parties, who shall discuss the matter and attempt to resolve it by mutual consent. If the dispute has not been settled within **[redacted]**of referral to the Chief Executive Officers or Presidents of the Parties, such dispute shall be exclusively and finally settled according to Clause 17.4.

17.6 The relationship between the Parties created by this Agreement is solely that of independent contractors. This Agreement does not create any agency, amalgamation, distributorship, employee-employer, partnership, joint venture or similar business relationship between the Parties. Nothing herein shall be deemed to constitute any Party as the agent or representative of the other Party, or all Parties as joint venturers or partners for any purpose. No Party shall be responsible for the acts or omissions of the other Party, and no Party will have authority to speak for or represent the other Party or assume or create any obligation, representation, warranty or guarantee, express or implied, on behalf of the other Party, for any purpose whatsoever, in any way without prior written authority from such other Party. Each Party shall use its own discretion and shall have complete and authoritative control over its employees and the details of performing its obligations under this Agreement.

17.7 Entire Agreement. This Agreement contains the entire agreement between the Parties as to the subject matter hereof and supersedes all prior and contemporaneous agreements with respect to the subject matter hereof. This Agreement may be executed in any number of counterparts, each of which shall be deemed to be an original, and all of which together shall constitute one and the same document. Each Party acknowledges that an original signature or a copy thereof transmitted by facsimile or by .pdf shall constitute an original signature for purposes of this Agreement.

EXECUTION PAGE FOLLOWS

IN WITNESS WHEREOF, each of the Parties hereto has caused this Manufacturing Services Agreement to be executed by its duly authorized representative effective as of the date written above.

LONZA LTD

By:
Name
Title

By:
Name
Title

Aurinia Pharmaceuticals Inc

By:
Name
Title

APPENDIX A
Applicable Fees under the Agreement

Parties agree to the following Fees:

a. Capital Program Fee

For constructing the dedicated Facility, Parties agree that Customer shall pay a non-refundable (except as otherwise provided in Clause 15.3) fee equal to the actual costs of the dedicated Facility. The Capital Program Fee is currently evaluated to amount to **[redacted]**, hereinafter, the "**Capital Program Fee**", which fee will be adjusted to reflect the update to the Scope of Work based on the results of the Engineering Study and any other required modifications to the Project Plan referred to in Clause 5.2.2; but under no circumstances will the final cost be more than the currently evaluation amount of **[redacted]**.

Purchase Order for Capital Program Fee: Within seven (7) days following Approval of the Product, Customer shall place a binding Purchase Order for the Capital Program Fee in the amount of **[redacted]**.

Lonza will issue an invoice for the first **[redacted]** of the Capital Program Fee, within ten (10) days after receipt of the Purchase Order for the Capital Program Fee. For the remaining Capital Program Fee adjusted as contemplated hereby, Lonza will issue an invoice after **[redacted]**as defined by signature by both Parties on **[redacted]** for all new Capital Equipment.

b. Fixed Facility Fee

Following **[redacted]**and thereafter during the term of the Agreement, Customer shall pay a quarterly fixed facility fee of **[redacted]** for the duration of the Agreement ("**Fixed Facility Fee**").

Purchase Order for Fixed Facility Fee: Following **[redacted]**, Customer shall place a binding Purchase Order for the Fixed Facility Fee. The first Purchase Order will be for: (i) the Fixed Facility Fee **[redacted]**; and the Fixed Facility Fee **[redacted]**up to the end of the initial Term of the Agreement, as defined in Clause 15.1, subject to early cancellation in accordance with the terms of Clause 15 hereof. For example, in the event that **[redacted]**, Customer shall issue a Purchase Order in the amount of **[redacted]**and the Fixed Facility Fee **[redacted]**and remaining in the Term of the Agreement. After the initial Term of the Agreement, and provided the Agreement is extended between the Parties, Customer shall, upon extension of the Agreement, issue a new Purchase Order for the duration that the Agreement has been extended.

Lonza will invoice the Fixed Facility Fee on a quarterly basis in advance for the next quarter. Lonza will issue the first quarterly invoice on or before the first day of the calendar month **[redacted]**. The first and last Fixed Facility Fees shall be pro-rated for the quarter, **[redacted]**. For the avoidance of doubt, the Fixed Facility Fee is binding and cannot be cancelled during the Term of the Agreement.

c. Variable Manufacturing Fees

i. Final Product Production Fee

For the manufacturing of Intermediate and the immediate conversion of such intermediate into Final Product in the Facility, Customer shall pay a Final Product Production Fee of **[redacted]** CHF per kilogram Product.

Lonza will issue an invoice in the amount **[redacted]**the applicable Final Product Production Fee **[redacted]**before the Commencement Date of the manufacture of the ordered Final Product Batches. Each such invoice will be adjusted to credit Customer for the price of any Raw Materials acquired by Lonza in accordance with Clause 4.7 and used in the manufacture of the Product that is the subject matter of the invoice. The remaining **[redacted]**the Final Product Production Fee, adjusted for the amount of Final Product actually produced, will be invoiced **[redacted]**of the Final Product Batches.

ii. Stage 3 Intermediate Fee.

For the manufacturing of Intermediate in the Facility where such Intermediate will not be converted immediately into Final Product in the Facility, Customer shall pay a Stage 3 Intermediate Fee of **[redacted]** per kilogram of Intermediate.

Lonza will issue an invoice in the amount **[redacted]**the applicable Stage 3 Intermediate Fee **[redacted]**before the Commencement Date of the manufacture of the ordered Intermediate Batches. Each such invoice will be adjusted to credit Customer for the price of any Raw Materials acquired by Lonza in accordance with Clause 4.7 and used in the manufacture of the Product that is the subject matter of the invoice. The remaining **[redacted]**the Intermediate Fee, adjusted for the amount of Intermediate actually produced, will be invoiced **[redacted]**of the Intermediate Batches.

iii. Stage 3 Intermediate Conversion Fee, Visp

For the conversion of stored Intermediate into Final Product in the Facility, Customer shall pay a Stage 3 Intermediate Conversion Fee of **[redacted]** per kilogram.

Lonza will issue an invoice in the amount **[redacted]**the applicable Stage 3 Intermediate Conversion Fee **[redacted]**of the Final Product Batches.

APPENDIX B
Initial Scope of Work

Lonza Statement of Work dated December 13, 2019

APPENDIX C
Specifications

Lonza Specification dated February 26, 2020

APPENDIX D
Quality Agreement

To be attached

Exhibit 10.6

OFFICE LEASE

between

BOF II MD 77 UPPER ROCK LLC,
(Landlord)

and

AURINIA PHARMA U.S., INC.
(Tenant)

77 UPPER ROCK CIRCLE
Rockville, Maryland

Certain identified information has been excluded from this exhibit because it both (i) is not material and (ii) would be competitively harmful if publicly disclosed.

OFFICE LEASE
INDEX

EXHIBITS

LEASE

THIS LEASE is made and entered into as of this 12th day of March, 2020 (the "Effective Date"), by and between BOF II MD 77 UPPER ROCK LLC, a Delaware limited liability company ("Landlord") and AURINIA PHARMA U.S., INC., a Delaware corporation ("Tenant"). Landlord and Tenant are sometimes each referred to individually as a "Party" and collectively as the "Parties".

In consideration of the rents hereinafter reserved and the agreements hereinafter set forth, Landlord and Tenant mutually agree as follows:

1. LEASED PREMISES.

Landlord hereby leases to Tenant, and Tenant hereby leases from Landlord, approximately 30,531 square feet of rentable area, on the seventh (7th) floor of the office building (the "Building") situated at 77 Upper Rock Circle, Rockville, Maryland, as shown on the plan attached hereto as Exhibit A (hereinafter referred to as the "Premises"). The rentable area of all office space in the Building is approximately **[redacted]** square feet. The rentable area of the Building has been measured in accordance with the Building Owners and Managers Association (BOMA) Standard Method of Measurement (ANSI/BOMA Z65.1-2017), Method A. The rentable area of the Premises and the rentable area of the Building as set forth in this Section 1 are hereby stipulated and agreed to by Landlord and Tenant shall be used for all purposes of this Lease and shall not be subject to remeasurement unless there is a physical change in the size of the Premises.

2. TERM.

A. The term of this Lease (the "Initial Term") shall commence on the date Landlord delivers possession of the Premises to Tenant (the "Possession Date"). The "Commencement Date" of this Lease shall be the earlier of: (1) the date on which the Work (as defined in Exhibit C attached to this Lease) in the Premises is Substantially Completed (as defined in Exhibit C attached to this Lease), or (2) September 1, 2020. The "Rent Commencement Date" of this Lease shall be the same as the Commencement Date. Landlord shall deliver possession of the Premises to Tenant in the condition described in Section 3 below on the Effective Date.

B. During the period from the Possession Date to the day immediately prior to the Commencement Date, all terms and conditions of this Lease shall apply, other than payment of Annual Base Rent and Additional Rent for increases in Operating Expenses and increases in Real Estate Tax Expenses.

C. The Initial Term shall end at 11:59 p.m. on the last day of the one hundred thirty second (132nd) full calendar month after the Commencement Date (the "Expiration Date"), unless the Term terminates sooner pursuant to any other provision of this Lease or pursuant to law. The term "Lease Year" as used in this Lease shall mean the first and each successive period of twelve (12) full calendar months following the Commencement Date. If the

Commencement Date occurs on a day other than the first (1st) day of a calendar month, then the portion of such partial month from and after the Commencement Date shall be added to the first (1st) Lease Year, so that the first Lease Year shall end on the last day of the calendar month in which the first anniversary of the Commencement Date occurs. The Initial Term and any extensions thereof shall be referred to as the "Term". Once the Commencement Date occurs, Landlord and Tenant shall execute a letter agreement or amendment to this Lease specifying the Possession Date, the Commencement Date, the Rent Commencement Date, the Expiration Date, the Lease Years (and corresponding rent amounts), and any other relevant information that is determinative of the foregoing dates.

3. acceptance of premises, CONSTRUCTION OF WORK.

Tenant acknowledges that: (1) EXCEPT FOR THE CONSTRUCTION ALLOWANCE AS EXPRESSLY PROVIDED IN EXHIBIT C ATTACHED HERETO, TENANT HAS INSPECTED AND ACCEPTS THE PREMISES AND THE BUILDING IN AN "AS IS, WHERE IS" CONDITION, (2) THE PREMISES, BUILDING AND IMPROVEMENTS COMPRISING THE SAME ARE SUITABLE FOR THE PURPOSE FOR WHICH THE PREMISES ARE LEASED AND, EXCEPT AS OTHERWISE EXPRESSLY HEREIN PROVIDED, LANDLORD HAS NOT MADE AND HEREBY DISCLAIMS ANY AND ALL WARRANTIES, REPRESENTATIONS, COVENANTS, AND AGREEMENTS WITH RESPECT TO THE MERCHANTABILITY OR FITNESS FOR ANY PARTICULAR PURPOSE OF THE PREMISES, (3) THE PREMISES ARE IN GOOD AND SATISFACTORY CONDITION, AND (4) EXCEPT AS OTHERWISE EXPRESSLY HEREIN PROVIDED, AND EXCEPT FOR THE CONSTRUCTION ALLOWANCE AS EXPRESSLY PROVIDED IN EXHIBIT C ATTACHED HERETO, NO REPRESENTATIONS AS TO THE REPAIR OF THE PREMISES, NOR PROMISES TO ALTER, REMODEL OR IMPROVE THE PREMISES HAVE BEEN MADE BY LANDLORD. The taking of possession of the Premises shall be conclusive evidence that Tenant accepts the Premises and that the Premises were in good condition at the time possession was taken except for items that are Landlord's responsibility under Section 8. Notwithstanding the foregoing, Landlord represents and warrants to Tenant that the Building, including the Premises and base building systems and structure are currently in compliance with all applicable laws, ordinances, rules, regulations, directives, orders and requirements of all governmental, quasi-governmental and regulatory authorities and agencies including, without limitation, police, fire, health and environmental authorities or agencies responsible for enforcing local, state and federal law with regard to the base building and the Premises. In addition, Landlord warrants to Tenant the "as-is" condition of the Premises and the base building is in compliance with the aforesaid rules, regulations, laws, including but not limited to all Environmental Laws (defined in Section 37.B below), the Americans With Disabilities Act and the most modern ASHRAE standard for fresh air mix. In the event a circumstance in the base building and/or Premises is defined, discovered, identified and/or reported by Tenant or Landlord that is not in compliance with the aforesaid conditions, Landlord shall provide Tenant, at no expense to Tenant, a remedy to resolve said condition.

4. RENT.

Tenant shall pay to Landlord the following rent under this Lease, "Annual Base Rent", "Monthly Base Rent" and "Additional Rent", all as more fully set forth in this Section 4 and Sections 5 and 6:

A. Annual base rent ("Annual Base Rent"), payable in equal monthly installments ("Monthly Base Rent") as follows:

Lease Year	Annual Base Rent	Monthly Base Rent	Per Rentable Square Foot
1*	$1,007,523.00	$83,960.25	**[redacted]**
2*	$1,030,115.94	$85,843.00	**[redacted]**
3	$1,053,319.50	$87,776.63	**[redacted]**
4	$1,077,133.68	$89,761.14	**[redacted]**
5	$1,101,253.17	$91,771.10	**[redacted]**
6	$1,125,983.28	$93,831.94	**[redacted]**
7	$1,151,324.01	$95,943.67	**[redacted]**
8	$1,177,275.36	$98,106.28	**[redacted]**
9	$1,203,837.33	$100,319.78	**[redacted]**
10	$1,231,009.92	$102,584.16	**[redacted]**
11	$1,258,487.82	$104,873.99	**[redacted]**

The first installment of Monthly Base Rent (for the twelfth (12th) month of the Initial Term) shall be paid on the execution and delivery of this Lease by Tenant, and like installments shall be paid, in advance, on or before the first day of each calendar month during the Term from and after the Commencement Date.

*Notwithstanding the foregoing provisions of this Section 4.A., Landlord hereby agrees to: (1) abate the payments of Monthly Base Rent and Additional Rent (e.g., Tenant's Share of Increases in Operating Expenses and Tenant's Share of Increases in Real Estate Tax Expenses) for the entire Premises for the first eleven (11) months of the first (1st) Lease Year (Lease months 1 – 11), and (2) abate the payments of Monthly Base Rent and Additional Rent (e.g., Tenant's Share of Increases in Operating Expenses and Tenant's Share of Increases in Real Estate Tax Expenses) for only 5,000 square feet of rentable area of the Premises (for avoidance of doubt, Monthly Base Rent and Additional Rent will be due and payable for the remaining 25,531 square feet of rentable area of the Premises) for following ten (10) months thereafter (Lease months 12 – 21) (collectively, the "Rent Abatement").

B. "Additional Rent" shall consist of all other sums of money (except Annual Base Rent and Monthly Base Rent) as shall become due from Tenant under this Lease.

C. Tenant will pay all rent without notice, demand, deduction, set-off or counterclaim. Payments of rent for any fractional calendar month shall be prorated. All payments required to be made by Tenant to Landlord hereunder shall be payable to: BOF II MD 77 Upper Rock LLC, c/o Bridge Investment Group, Five Concourse Parkway, Suite 500, Atlanta GA 30328, Attn: Property Management, or at such other address as Landlord may specify from time to time by written notice delivered in accordance herewith. The obligation of Tenant to pay Base Rent and other sums to Landlord and the obligations of Landlord under this Lease are independent obligations. Tenant acknowledges that late payment by Tenant to Landlord of any rent due hereunder will inconvenience Landlord and cause Landlord to incur costs not contemplated by this Lease. Therefore, if Tenant fails to pay any installment of Monthly Base Rent or Additional Rent to Landlord on or before the date when such rent is due and payable, and such failure continues for five (5) days after written notice to Tenant, Tenant shall pay to Landlord, as Additional Rent, for each month or part thereof until such payment is made, an administrative late payment fee equal to five percent (5%) of the amount due, which sum Landlord and Tenant acknowledge and agree fairly represents Landlord's cost and expense in carrying and processing delinquent accounts. If Landlord at any time or times accepts any rent after it has become due and payable, such acceptance shall not excuse, delay at subsequent times, or constitute a waiver of, any of Landlord's rights under this Lease.

D. Tenant shall pay rent to Landlord, in accordance with written instructions to be delivered by Landlord to Tenant no later than **[redacted]** prior to the first date rent is due hereunder, or to such other address as directed by Landlord upon delivering no less than **[redacted]** prior written notice to Tenant.

5. ADDITIONAL RENT FOR INCREASES IN OPERATING EXPENSES.

A. Subject to the Rent Abatement, commencing the Rent Commencement Date, for each Calendar Year (or partial Calendar Year) during the Term, Tenant shall pay to Landlord, as Additional Rent, Tenant's Share of Increases in Operating Expenses (hereinafter defined). "Tenant's Share of Increases in Operating Expenses" for each Calendar Year shall equal the product obtained by multiplying Tenant's Proportionate Share (as defined in this Section 5.A.) times the amount by which Operating Expenses (as defined in Section 5.E.) for the Building for such Calendar Year exceeds Base Operating Expenses (as hereinafter defined); provided, however, that for the Calendar Year during which the Term ends, Tenant's Share of Increases in Operating Expenses shall be prorated based upon the actual number of days the Lease was in effect during such Calendar Year. "Tenant's Proportionate Share" shall equal a fraction, the numerator of which is the rentable square footage of the Premises and the denominator of which is the rentable square footage of all office space in the Building, as reasonably adjusted by Landlord in the future for changes in the physical size of the Premises or the Building. As of the Effective Date, Tenant's Proportionate Share equals **[redacted]**. "Base Operating Expenses" is defined as the amount of Operating Expenses for Calendar Year 2020.

B. Prior to determination of the actual amount of Tenant's Share of Increases in Operating Expenses for any Calendar Year commencing with the Calendar Year immediately after the Calendar Year in which the Rent Commencement Date occurs, Tenant shall make

monthly installment payments toward such share on an estimated basis, based on Landlord's reasonable estimate of the amount, if any, by which Operating Expenses for such Calendar Year will exceed Base Operating Expenses. Tenant shall pay Landlord on the first day of each month of such Calendar Year one-twelfth (1/12th) of Landlord's estimate.

C. After the end of each Calendar Year commencing with the Calendar Year immediately after the Calendar Year in which the Rent Commencement Date occurs, Landlord shall determine the amount of Operating Expenses for the Calendar Year in question and the amount of the increase (if any) in Operating Expenses for such Calendar Year over the amount of Base Operating Expenses. Landlord shall provide Tenant with a reasonably detailed statement (the "Operating Expense Statement") of this determination, including Tenant's Share of Increases in Operating Expenses for the Calendar Year. Landlord shall use reasonable efforts to deliver the Operating Expense Statement to Tenant no later than **[redacted]** after the end of each Calendar Year. Within **[redacted]** after delivery of the Operating Expense Statement for each Calendar Year, Tenant shall pay to Landlord any deficiency between the amount shown as Tenant's Share of Increases in Operating Expenses for such Calendar Year and the estimated payments made by Tenant toward such amount in accordance with Section 5.B. In the case of excess estimated payments, Tenant shall be credited with the excess toward subsequent Base Rent and Additional Rent payments, unless the Term has expired, in which event, provided that Tenant has fulfilled all of its obligations hereunder, Landlord shall deliver such excess to Tenant within **[redacted]** after the later to occur Tenant providing Landlord with its forwarding address or delivery of the Operating Expense Statement.

D. The term "Operating Expenses" means all costs and expenses incurred during the Calendar Year in managing, operating and maintaining (including cleaning, protecting, servicing and repairing) the Building (including the Premises) and the land upon which it is situated (the "Land", and the Land and the Building, including any parking areas made available for the Building, shall be collectively referred to as the "Property"), as determined by Landlord in accordance with generally accepted accounting principles applied consistently from year to year. Without in any way limiting the generality of the foregoing, such costs and expenses shall include but shall not be limited to utilities, trash removal, telephone service, insurance, janitorial services and supplies, cleaning service and supplies, security service and supplies, reasonable labor costs (including social security taxes, contributions and fringe benefits including retirement and pension plans), all management expenses either paid directly by Landlord or reimbursed to the management agent for the Building, specifically based on the individual(s) assigned with the management and operation of the Building, including salaries, benefits, office supplies and occupancy costs, legal fees and accounting expenses, charges under maintenance and service contracts, repair and maintenance of heating, ventilating and air conditioning equipment, all costs of applying, reporting, commissioning and re-commissioning the Building or any part thereof to seek or renew certification under any Green Building Standard (as defined in Section 7) applicable to the Building, insurance endorsements applicable to green buildings (including without limitation coverage in order to repair, restore, replace and re-commission the Building for certification or recertification in accordance with Green Building Standards), management fees, business taxes and licenses, including personal property taxes on Landlord's or the management agent's property used in the operation or

management of the Building, a pro rata share attributable to the Building of the costs of operating, maintaining and repairing the Garage (but only to the extent such costs are related solely to any portion of the Garage that is not exclusively for residential parking), and all other costs and expenses of operating and maintaining the Building including any Permitted Capital Expenditures. As used herein, the term "Permitted Capital Expenditures" are any and all costs or expenses, which are required to be capitalized for federal income tax purposes, that are incurred by Landlord in connection with any repairs, improvements or replacements related to (a) any labor-saving or energy-saving device or other equipment installed or used in the Building that is intended to reduce, or reduce increases in, Operating Expenses, (b) any requirement of Law first applicable to the Building after the Effective Date. The cost of each such Permitted Capital Expenditure, together with reasonable interest (as determined by Landlord) or any financing charges incurred in connection therewith, shall be amortized over the useful life thereof and only that portion attributable to such Calendar Year shall be included in Operating Expenses for such Calendar Year during the remainder of the Term (as same may be extended or renewed from time to time).

E. Notwithstanding the foregoing, Operating Expenses shall not include: (i) Real Estate Tax Expenses (as defined in Section 6 below), together with any other tax which would be excluded under the definition of Real Estate Tax Expenses as set forth in Section 6; (ii) payments of principal and interest on any mortgages, deeds of trust or other encumbrances upon the Building; (iii) leasing commissions; (iv) costs of preparing, improving or altering space for any new or renewal tenant; (v) management fees to the extent they exceed fair market management fees paid to unrelated third party management companies; (vi) costs of leasing or other brokerage commissions, legal, space planning, construction, and other expenses incurred or concessions given in procuring tenants for the Building or incurred solely with respect to individual tenants or occupants of the Building, and any payments made to relocate or remove from the Building any existing tenants; (vii) except for the amortized cost of Permitted Capital Expenditures, as expressly provided above, capital improvements, and capital expenditures or amounts paid for rental of equipment that if purchased by Landlord would be a capital improvement; (viii) non-cash items, such as deductions for depreciation and amortization of the Building and the Building equipment (other than Permitted Capital Expenditures), interest on capital invested (other than Permitted Capital Expenditures), bad debt losses, rent losses and reserves for such losses, and reserves for repairs, maintenance and replacements; (ix) costs of painting, redecorating, or other services or work performed for the exclusive benefit of any tenant or occupant; (x) salaries, wages, or other compensation paid to officers or executives of Landlord; (xi) salaries, wages, or other compensation or benefits paid to employees of Landlord who are not assigned full-time to the operation, management, maintenance, or repair of the Property; provided however, Operating Expenses may include Landlord's reasonable allocation of wages, salary, or other compensation or benefits paid to any employee to the extent such employee is assigned or devotes services on a part-time basis to the operation, management, maintenance, or repair of the Building; (xii) Landlord's costs incurred on a shared basis with other properties, such as centralized accounting costs, unless the allocation is made on a reasonable and consistent basis that fairly reflects the share of any costs attributable to the Building; (xiii) costs of marketing, advertising and public relations and promotional costs associated with the promotion or leasing of the Building and costs of signs in or on the

Building identifying the owners, managers or leasing agents of the Building; (xiv) original construction costs of the Building and any expenses for replacements arising from defects in the original construction of the Building; (xv) any costs, fines or penalties incurred by reason of (1) Landlord's failure to timely pay when due any Operating Expense, Real Estate Tax Expense or other amount expressly excluded from Operating Expenses hereunder, or (2) the violation by Landlord, or any other tenant, of any Law, including, but not limited to, the removal of Hazardous Materials from the Property caused by Landlord or any other tenant of the Property, or costs to cure any violation of Laws in effect on or before the Effective Date related to the general use of the Property (including, without limitation, Laws governing fire, life, safety and disabilities) in each instance only to the extent in excess of the amount that would have been included in Operating Expenses in the absence of such failure or violation by Landlord; (xvi) costs incurred in connection with disputes with tenants, other occupants, or prospective tenants, or costs and expenses incurred in connection with negotiations or disputes with leasing agents, purchasers or Mortgagees (as defined in Section 26) of the Building; (xvii) costs incurred in connection with the sale, financing, refinancing, mortgaging, selling or change of ownership of all or any part of, or interest in, the Property; (xviii) costs incurred by Landlord which are associated with the operation of the business of the legal entity which constitutes Landlord (such as trustee's fees, annual fees, corporate or partnership organization or administration expenses (including resident agent fees)), including legal entity formation and legal entity accounting; (xix) general overhead and general administrative expenses and accounting, record-keeping and clerical support of Landlord or the management agent not directly related to the operation of the Building; (xx) costs or expenses of utilities directly metered to tenants and costs of utilities incurred directly by retail tenants in the Building; (xxi) ground rent, other than items which would be included in Operating Expenses in the absence of such ground lease; (xxii) costs of any "tap fees" or one time lump sum sewer or water connection fees for the Building; (xxiii) political or charitable contributions; (xxiv) acquisition costs for sculpture, paintings and other art objects; and (xxv) costs for goods and services and materials to an entity related to or affiliate of Landlord, but only to the extent such costs exceed compensation based on an arm's length fair market transaction of the same nature.

F. If during any Calendar Year, including the 2020 Calendar Year (the " Base Year"), Landlord does not perform any work or service (the cost of which would be included in Operating Expenses if performed by Landlord) for any tenant of the Building which has undertaken to perform such work or service itself, in lieu of performance by Landlord, but reimbursed by Landlord, Operating Expenses shall include the amount of such reimbursement.

G. Notwithstanding the provisions of this Section 5, commencing with the Calendar Year after the Base Year (hereinafter, the " First Controllable Expense Year ") and for each Calendar Year thereafter, Operating Expenses shall not include Controllable Expenses (as hereinafter defined) in excess of the Controllable Expense Maximum (as hereinafter defined) applicable to such Calendar Year. If Controllable Expenses in any Calendar Year (commencing with the First Controllable Expense Year and continuing for each year thereafter) exceed the applicable Controllable Expense Maximum (which shall be appropriately prorated for the Calendar Year in which the Expiration Date occurs), the excess Controllable Expenses shall be carried forward and treated as a Controllable Expense (subject to the then applicable

Controllable Expense Maximum) in each subsequent Calendar Year until the excess is used, or this Lease expires, whichever occurs first (and Tenant shall not be required to pay any such unused excess upon expiration of this Lease). "Controllable Expenses" shall mean all Operating Expenses other than those expenses attributable to: (i) taxes, assessments and other governmental or quasi-governmental charges, (ii) insurance, (iii) utilities, (iv) fuel oil, (v) snow and ice removal; (vi) Permitted Capital Expenditures; and (vii) any other expenses that are beyond the reasonable control of Landlord.

The "Controllable Expense Maximum" for each Calendar Year (commencing with the First Controllable Expense Year) shall mean the Controllable Operating Expenses for the Base Year (actual or grossed up pursuant to Section 5.H., as applicable), increased by five percent (5%) per annum on a cumulative basis, such that the Controllable Expense Maximum for any Calendar Year shall be a multiple of the Controllable Expenses for the First Controllable Expense Year (actual or grossed up pursuant to Section 5.H., as applicable), as follows:

Period	Multiple
First Controllable Expense Year	1.0500
Next Calendar Year	1.1025
Next Calendar Year	1.1576
Next Calendar Year	1.2155

and so on.

H. Nothing contained in this Section 5 shall be interpreted at any time to reduce the Annual Base Rent or Monthly Base Rent payable by Tenant under this Lease.

I. If the Building is less than **[redacted]** occupied during any part of a Calendar Year, including the Base Year Operating Expenses for such Calendar Year shall mean the amount obtained by adjusting the actual Operating Expenses for such Calendar Year to a **[redacted]** Building occupancy level, such adjustment to be made by adding to the actual Operating Expenses during such Calendar Year such additional costs (but only those costs which vary according to occupancy) as would have been incurred if the Building had been **[redacted]** occupied, as reasonably determined by Landlord.

J. If Landlord elects to utilize a fiscal year of twelve (12) calendar months ("Fiscal Year"), in lieu of the Calendar Year to calculate Tenant's Share of Increases in Operating Expenses, each and every reference in this Section 5 to Calendar Year shall be read to mean Fiscal Year. Landlord shall give written notice to Tenant of its election to utilize a Fiscal Year for all purposes under this Section 5. Such notice shall also indicate the first day of Landlord's Fiscal Year. After Landlord gives notice of its election to calculate Tenant's Share of Increases in Operating Expenses on a Fiscal Year in lieu of a Calendar Year basis, the amount of Tenant's Share of Increases in Operating Expenses for the period commencing on the first day of the Calendar Year in which Landlord's election is made and the day before the first day of the Fiscal Year ("Stub-Period") shall be prorated in accordance with the intent of this Section 5 by Landlord (and the amount of Base Operating Expenses shall be correspondingly pro-rated),

and Tenant shall pay Tenant's Share of Increases in Operating Expenses for such Stub-Period within thirty (30) days of rendition of a bill therefor. In no event, however, shall any change from a Calendar Year to another Fiscal Year have any adverse effect on Tenant's obligations under this Section 5.

6. ADDITIONAL RENT FOR INCREASES IN REAL ESTATE TAX EXPENSES.

A. Subject to the Rent Abatement, commencing on the Rent Commencement Date, and thereafter for each Calendar Year (or partial Calendar Year) during the Term, Tenant shall pay to Landlord, as Additional Rent, Tenant's Share of Increases in Real Estate Tax Expenses (hereinafter defined). "Tenant's Share of Increases in Real Estate Tax Expenses" for the Calendar Year shall equal the product obtained by multiplying Tenant's Proportionate Share times the amount, if any, by which Real Estate Tax Expenses (as defined in Section 6.E.) for such Calendar Year exceeds Base Real Estate Tax Expenses (as hereinafter defined); provided, however, that for the Calendar Year during which the Term ends, Tenant's Share of Increases in Real Estate Tax Expenses shall be prorated based upon the actual number of days the Lease was in effect during such Calendar Year. "Base Real Estate Tax Expenses" is defined as the amount of Real Estate Tax Expenses for Calendar Year 2020.

B. Prior to determination of the actual amount of Tenant's Share of Increases in Real Estate Tax Expenses for any Calendar Year, Tenant shall make monthly installment payments toward such share on an estimated basis, based on Landlord's reasonable estimate of the amount, if any, by which Real Estate Tax Expenses for the Calendar Year will exceed Base Real Estate Tax Expenses. Tenant shall pay Landlord on the first day of each month of the Calendar Year one-twelfth (1/12th) of Landlord's estimate.

C. After the end of each Calendar Year, Landlord shall determine the amount of Real Estate Tax Expenses for the Calendar Year and the amount of the increase (if any) in Real Estate Tax Expenses for the Calendar Year over the amount of Base Real Estate Tax Expenses. Landlord shall provide Tenant with a reasonably detailed statement (the "Real Estate Tax Expense Statement") of this determination, including Tenant's Share of Increases in Real Estate Tax Expenses for the Calendar Year. Within **[redacted]** after the delivery of the statement for each Calendar Year, Tenant shall pay to Landlord any deficiency between the amount shown as Tenant's Share of Increases in Real Estate Tax Expenses for the Calendar Year and the estimated payments made by Tenant toward such amount in accordance with Section 6.B. In the case of excess estimated payments, Tenant shall be credited with the excess toward subsequent payments of Base Rent and Additional Rent, unless the Term has expired in which event Landlord shall pay such excess to Tenant within **[redacted]** after delivery of the Real Estate Tax Expense Statement.

D. The term "Real Estate Tax Expenses" shall mean (i) all taxes and assessments, general or special, ordinary or extraordinary, foreseen or unforeseen, assessed, levied, or imposed upon the Building or the Land or assessed, levied or imposed upon the fixtures, machinery, equipment or systems, in, upon or used in connection with the operation of the Building or the Land under the current or any future taxation or assessment system or modification of, supplement or substitute for such system, and whether or not based on or

measured by the receipts or revenues from the Building or the Land (including all taxes and assessments for public improvements or any other purpose and any gross receipts or similar tax), and (ii) any tax, fee, levy or assessment, however characterized, on Landlord, the Premises, the Building, or the rent payable hereunder, in the nature of a sales tax, an arena, ballpark, convention center or other public facility or business improvement district tax or fee, a use tax or any other tax or fee. For the purpose of this Section 6: (1) Real Estate Tax Expenses shall include all expenses incurred by Landlord in obtaining or attempting to obtain a reduction of such taxes, rates or assessments, including, without limitation, legal fees, which may, in Landlord's sole discretion, be paid pursuant to a contingent fee arrangement based on savings; and (2) Real Estate Tax Expenses shall not include any net income taxes, estate or inheritance taxes, any transfer, recordation or capital stock tax, taxes on Tenant's personal property, or taxes on the value of leasehold improvements owned by Tenant or any other tenant at the Building, but such personal property taxes and taxes on the value of said Tenant owned leasehold improvements shall be the sole obligation of Tenant and shall be paid by Tenant as and when due pursuant to applicable law and, in any event, no later than **[redacted]** after notice from Landlord or the applicable taxing authority that such taxes are due and payable.

E. Nothing contained in this Section 6 shall be interpreted at any time to reduce the Annual Base Rent or Monthly Base Rent payable by Tenant under this Lease.

F. In the event of any change by the taxing body in the period in which any of the Real Estate Tax Expenses are levied, assessed or imposed, Landlord shall make appropriate adjustments with respect to computing Real Estate Tax Expenses provided Tenant is not thereby unduly prejudiced.

G. If Landlord elects to utilize a Fiscal Year in lieu of the Calendar Year to calculate Tenant's Share of Increases in Real Estate Tax Expenses, each and every reference in this Section 6 to Calendar Year shall be read to mean Fiscal Year. Landlord shall give written notice to Tenant of its election to utilize a Fiscal Year for all purposes under this Section 6. Such notice shall also indicate the first day of Landlord's Fiscal Year. After Landlord gives notice of its election to calculate Tenant's Share of Increases in Real Estate Tax Expenses on a Fiscal Year in lieu of a Calendar Year basis, the amount of Tenant's Share of Increases in Real Estate Tax Expenses for the Stub-Period shall be prorated in accordance with the intent of this Section 6 by Landlord (and the amount of Base Real Estate Tax Expenses shall be correspondingly prorated), and Tenant shall pay Tenant's Share of Increases in Real Estate Tax Expenses for such Stub-Period within **[redacted]** of rendition of a bill therefor. Absent change by the taxing authority, Landlord agrees not to alter the method of calculating Tenant's Share of Increases in Real Estate Tax Expenses more than once in each twelve (12) month period. In no event, however, shall any change from a Calendar Year to another Fiscal Year have any adverse effect on Tenant's obligations under this Section 6.

H. If any tax or fee included within the foregoing definition of Real Estate Tax Expenses is levied, assessed, or imposed in such manner that the amount required to be paid by Tenant is not readily ascertainable because the tax or fee relates to more than the Building or

the rents payable with respect thereto, then Tenant shall pay an equitably estimated share of the total tax or fee, as reasonably determined by Landlord.

I. If the Building is less than **[redacted]** occupied during any part of a Calendar Year, Real Estate Taxes for such Calendar Year shall be adjusted to reflect a **[redacted]** Building occupancy level.

7. USE OF PREMISES.

A. Tenant shall use and occupy the Premises solely for general (non-medical and non-governmental) office purposes, in accordance with the use permitted under applicable zoning regulations and in compliance with all applicable present and future laws, ordinances, orders, codes, rules and regulations (collectively, "Laws"), and for no other purpose. If any Law requires an occupancy or use permit or license for the Premises or the operation of any business conducted therein, Tenant shall obtain and keep current such permit or license at Tenant's own expense and shall promptly deliver a copy thereof to Landlord. Tenant shall not use or operate the Premises in any manner that will cause the Building or any part thereof not to conform with Landlord's certification, if any, of the Building from time to time pursuant to the U.S. EPA's Energy Star rating, the Green Building Initiatives Green Globe for Continental Improvement of Existing Buildings (Green Globes™ CIEB), the U.S. Green Building Council's Leadership in Energy and Environmental Design (LEED) rating system, or BOMA International's 360 Performance Program, or any present or future comparable rating, certification or performance program ("Green Building Standards").

A.1 Landlord hereby acknowledges and agrees that it shall be responsible for compliance with all laws, ordinances, regulations and directives of any authority having jurisdiction over the Building and/or Land, including the Americans With Disabilities Act of 1990 (49 U.S.C. Section 12101 et seq.) and regulations and guidelines promulgated thereunder, as all of the same may be amended from time to time (collectively, the "ADA") and fire/life safety requirements, with respect to all common areas of the Building in effect as of the Commencement Date. In addition, the parties acknowledge that the ADA establishes requirements under Title III of the ADA (" Title III") pertaining to business operations, accessibility and barrier removal, and that such requirements may or may not apply to the Premises or Building depending on, among other things: (1) whether Tenant's business operations are deemed a "place of public accommodation" or a "commercial facility"; (2) whether compliance with such requirements is "readily achievable" or "technically infeasible"; and (3) whether a given alteration affects a "primary function area" or triggers so-called "path of travel" requirements. Tenant has prepared or reviewed any plans and specifications for improvements for construction in the Premises and has independently determined that such plans and specifications are in conformance with the ADA Accessibility guidelines and other requirements of the ADA. Tenant further acknowledges and agrees that to the extent that Landlord has prepared, reviewed or approved any of Tenant's plans and specifications, such action shall in no event be deemed a representation or warranty that the same comply with the requirements of the ADA. Tenant shall be responsible for the cost of all Title III compliance and costs

in connection with the Premises and shall also be responsible for the cost of any so-called Title III "path of travel" requirements triggered by construction activities or alterations in the Premises. Tenant shall be solely responsible for all other requirements under the ADA relating to Tenant or any affiliates or persons or entities related to Tenant, operations of any of them, or the Premises, including, without limitation, requirements under Title I of the ADA pertaining to Tenant's employees.

A2 If Tenant receives any notices alleging a violation of the ADA relating to any portion of the Building or Premises (including any governmental or regulatory actions or investigations regarding non-compliance with ADA), then Tenant shall notify Landlord in writing within ten (10) days of such notice and provide Landlord with copies of any such notice.

B. Tenant shall not use or occupy the Premises or use the Building for any unlawful, disorderly, or hazardous purpose, or in a manner which will obstruct or interfere with the rights of other tenants, or their invitees, or in any way injure or annoy them. Tenant shall not conduct or permit any activity, or place any equipment, in or about the Premises (or conduct or permit any activity by itself or its employees, agents, contractors or invitees in or about the Building) which shall in any way increase the rate of insurance premiums on the Building or the property kept in the Building, or conflict with fire laws or regulations or with any insurance policy on the Building or such property. To maintain proper air balancing and pressurization, Tenant shall keep all of its suite entry doors closed except as actually used for ingress or egress. Landlord shall have the right to prescribe the maximum weight and position of safes and other heavy equipment or fixtures that Tenant desires to install in the Premises, and any consulting fees or other expenses incurred by Landlord regarding same will be at Tenant's expense, the same to be paid as Additional Rent within **[redacted]** after the rendition of a bill therefor.

C. Without limiting Landlord's responsibilities set forth in Section 13.A, Landlord maintain a temperature in the Building within the temperature range and in such amounts normally or usually furnished, in comparable office buildings in Rockville, Maryland. Tenant shall not block or cover any of the heating, ventilation or air conditioning ducts in the Premises. Without limiting Landlord's repair and maintenance obligations set forth in Section 8, Tenant shall keep all equipment in the Premises in good condition and repair (hard plumbed with copper lines for all water connections) and immediately remove any water discharged or spilled from same. Tenant shall regularly monitor the Premises for the presence of mold or mildew or for any conditions that reasonably can be expected to contribute to the growth of mold or mildew (collectively, the "Mold and Mildew Conditions"), including, but not limited to, evidence of water leaks or excessive humidity in the Premises, a failure or malfunctioning in the heating, ventilation or air conditioning system serving the Premises and inoperable doors or windows in the Premises , and Tenant shall immediately notify Landlord in writing of: (i) any visible signs of mildew or mold growth in the Premises, and (ii) any Mold and Mildew Conditions in the Premises.

8. MAINTENANCE.

A. Subject to Tenant's obligations under Section 8.B below, Landlord, at its sole cost and expense (except and to the extent that any cost or expense is a permitted Operating Expense hereunder) shall make any and all repairs, maintenance and replacements to the base Building, including the Building roof and Building structure (e.g., the Building's slab and load-bearing columns and walls) and the Building's mechanical, electrical, plumbing, HVAC and fire and life safety systems, and to the common areas of the Building and the Garage, and shall keep the base Building and the common areas of the Building, including the fitness facility and conference center, clean, neat and in good order, repair and condition and in compliance with all Laws. Notwithstanding anything herein to the contrary, Landlord shall not be responsible for any repair or maintenance which is caused in whole or in part by the act or omission of Tenant or its agents, contractors, employees, or guests. In the event of such repair or maintenance caused by the act or omission of Tenant, Tenant shall pay for such repair or maintenance upon demand from Landlord and shall indemnify, defend, protect and hold harmless Landlord against any and all loss, cost or liability in connection therewith. Landlord shall have a reasonable time after written notice from Tenant to perform necessary repairs or maintenance. Tenant hereby waives and releases any right to make repairs at Landlord's expense, which may be provided at common law or pursuant to any law, statute, or ordinance now or hereafter in effect.

B. Subject to Landlord's obligations under Section 8.A above, Tenant, at its sole cost and expense, shall make any and all repairs, maintenance and replacements to the Premises and the improvements, fixtures and systems therein, and shall keep the Premises clean, neat and in good order, repair and condition and in compliance with all Laws, provided that Tenant shall not be obligated to make any capital improvements relating to the Premises unless required due to Tenant's use of the Premises for purposes other than typical office use. Tenant shall give Landlord prompt written notice of any defects or damage to the structure of, or equipment or fixtures in, the Building or any part thereof. At the expiration or other termination of the Term, Tenant shall, at its sole cost and expense, surrender the Premises broom clean and in good order and condition, ordinary wear and tear and damage by the elements, and fire and other casualty not required to be insured by Tenant excepted, and with removal of items as required by Section 11. To the extent that Tenant's use or uses of the Premises or Alterations thereto (beyond typical office use) or Tenant's manner of operation creates a need or requirement under applicable Laws (including, without limitation, the ADA) to modify or alter the Premises, supporting facilities, or access thereto, or the manner of operation, maintenance and repair thereof, Tenant shall be fully responsible for the costs to undertake such changes, and in addition, to fully comply with the requirements of Section 9 below.

9. ALTERATIONS BY TENANT.

A. Following the completion of the Work, Tenant shall not make or permit any improvements, alterations, fixed decorations, substitutions or modifications, structural or otherwise, including, but not limited to the installation or modification of carpeting, partitions,

counters, doors, air conditioning ducts, plumbing, piping, lighting fixtures and wiring of any kind, hardware, locks, ceilings and window and wall coverings (collectively, "Alterations"), to the Premises or to the Building without the prior written consent of Landlord (both as to whether the Alterations may be made at all and as to how and when they may be made), which consent shall not be unreasonably withheld, conditioned or delayed. Tenant, at its sole cost and expense, shall provide Landlord with a copy of the original or revised full-floor architectural, mechanical, electrical and plumbing plans ("Tenant Alteration Plans") for the floor or floors on which the Alterations are to be made, revised by the Building architect and engineers to show Tenant's proposed Alterations, which plans shall be in form and substance reasonably acceptable to Landlord. Approval by Landlord of Tenant's Alteration Plans shall not constitute implication, representation or certification by Landlord that Tenant's Alteration Plans are accurate, sufficient, efficient, or in compliance with insurance requirements or applicable Laws, including building code compliance and the ADA, the responsibility of which belongs solely with Tenant.

B. Tenant shall pay to Landlord a construction supervisory fee in an amount not to exceed **[redacted]** of the cost of any Alterations, as additional rent due and payable within **[redacted]** after Landlord approves such Alterations. In addition, Tenant agrees that any costs incurred by Landlord to consult its architects, engineers or other consultants, prior to giving its consent, shall be Additional Rent due and payable by Tenant to Landlord within **[redacted]** after rendition of a bill therefor.

C. Alterations may be made only at Tenant's expense, by contractors or subcontractors reasonably approved by Landlord, and only after: (i) Tenant has obtained any necessary permits from governmental authorities having jurisdiction and furnished copies of the permits to Landlord, and (ii) Tenant has submitted complete plans and specifications to Landlord, and Landlord has given Tenant its prior, express written approval, if required, as provided above. All Alterations shall be performed (a) in a good, workmanlike, first class and prompt manner, (b) at such times and in such manner as Landlord may reasonably designate, and (c) in accordance with Landlord's Construction Rules and Regulations in effect from time to time (and any reasonable modifications thereto). Tenant shall diligently and continuously pursue all Alterations to completion. Landlord shall have the right to supervise the performance of any Alterations, but shall have no obligation to manage or supervise same, and shall have no liability or responsibility for the proper performance thereof by Tenant's contractors. Tenant shall require any contractor of Tenant performing Alterations to carry and maintain, at no expense to Landlord, the commercially reasonable insurance required by Landlord.

D. Landlord may require that Tenant obtain and deliver to Landlord written and unconditional waivers of mechanics' and materialmen's liens upon the Land and the Building for all work, labor and services to be performed, and materials to be furnished, in connection with any Alterations, signed by all contractors, subcontractors and materialmen to become involved in any Alterations. If any mechanic's or materialmen's lien is filed against the Premises, the Building or the Land for work or materials done for or furnished to Tenant, or claimed to have been done for or furnished to Tenant, the lien shall be discharged by Tenant

within **[redacted]** thereafter, solely at Tenant's expense, by payment thereof or by filing any bond required by law. Tenant shall indemnify and hold Landlord harmless from any and all liens, claims, damage and expenses (including reasonable attorneys' fees), to persons or property including, without limitation, the Building, which may arise from the making of any Alterations. If any Alteration is made without the prior written consent of Landlord, if required, Landlord may correct or remove the Alteration at Tenant's expense, said expense being an item of Additional Rent due **[redacted]** after rendition of a bill therefor. Following completion of any Alterations, Tenant shall deliver to Landlord a complete set of "as built" plans showing the Alterations, or shall reimburse Landlord for any reasonable expense incurred by Landlord in causing the Building plans to be modified to reflect the Alterations. The cost of "as-built" plans, if incurred by Landlord, shall be Additional Rent due and payable from Tenant within **[redacted]** after rendition of a bill therefor. During construction or installation of any Alteration, Landlord shall have the right to inspect the Premises at all times. Upon substantial completion of any Alterations, Tenant shall assign to Landlord, on a non-exclusive basis, all warranties obtained with respect to such Alterations.

E. Copies of required building permits or authorizations shall be obtained by Tenant at its expense and copies thereof shall be provided to Landlord prior to commencement of construction. No locks, bolts or access control mechanisms of any kind shall be installed on the entrance doors or within the Premises that are not keyed or coded to the Building master key or access system. Tenant shall reimburse Landlord for the cost of the Building engineer's time and services (if applicable) provided after Building Hours (as defined in Section 13.A.) in connection with Alterations and any other reasonable costs actually incurred by Landlord in connection with the Alterations, as additional rent due and payable within **[redacted]** after Landlord delivers an invoice(s) therefor. Landlord shall not be liable for any damages or losses caused by Tenant's contractors, and, subject to Section 20 below, Tenant agrees to pay any and all expenses, claims or damages to person or property which may arise directly or indirectly by reason of making any Alterations.

F. Following the completion of the Work, all wiring, cabling or conduit and/or cable bundles installed in the Premises or the Building by or at the request of Tenant shall be deemed Alterations, and, accordingly, subject to all of the applicable terms and conditions of this Lease.

G. Notwithstanding the foregoing, Landlord's consent shall not be required for any Alterations which are strictly cosmetic in nature and (i) do not modify or affect the Premises' or Building's structure, roof systems, or the electrical, plumbing, heating, ventilation and air conditioning, mechanical, security, life safety or other systems serving the Building and/or Project, (ii) are not visible from the exterior of the Premises, (iii) do not require the issuance of a building permit, (iv) do not involve penetrations to any portion of the Building, including, without limitation, the roof and/or roof membrane of the Building, and (v) otherwise comply with Laws (collectively, "Cosmetic Alterations"); provided that the aggregate cost of any such Cosmetic Alterations does not exceed **[redacted]** in any twelve (12) month period during the Term (except for paint and floor coverings in the Premises, which shall not require Landlord's consent, regardless of cost; provided, however, all such paint and floor coverings shall be

consistent with the Building Standard (as defined in Section 13A.)). Tenant shall give Landlord not less than thirty (30) days prior written notice of any Cosmetic Alterations ("Cosmetic Alterations Notice") for which Landlord's consent is not required, which Cosmetic Alterations Notice shall be accompanied by reasonably adequate evidence that such Cosmetic Alterations meet the criteria contained in this Section 9.G, and Landlord shall be permitted to enter the Premises to post notices of non-responsibility and other like notices or to observe the work performed by or on behalf of Tenant. Cosmetic Alterations shall be deemed to constitute Alterations for all purposes under this Lease (except that Landlord's consent shall not be required so long as the foregoing provisions have been satisfied, and Tenant shall not be required to pay to Landlord any of the expenses described in Section 9.B above with respect to any Cosmetic Alteration).

10. EQUIPMENT.

Tenant shall not install or operate in the Premises or Building any equipment or other machinery, other than desktop computers and printers, facsimile machines, radios, televisions, clocks, standard size office copiers and other machines that are used by tenants in modern first-class office buildings in Rockville, Maryland without: (a) first obtaining the prior, express, written consent of Landlord (who may condition such consent upon the payment by Tenant of Additional Rent in compensation for additional utilization of the water, heating, plumbing, air-conditioning, or electrical systems of the Building or additional wiring needed for the equipment or machinery), and (b) securing any necessary permits from governmental authorities and utility companies and furnishing copies to Landlord.

11. ALTERATIONS, EQUIPMENT AND OTHER PROPERTY BELONGING TO LANDLORD/REMOVAL OF PERSONAL PROPERTY/RESTORATION OF PREMISES.

A. Any Alterations and other improvements and any equipment, machinery, fixtures, furniture, furnishings and other property installed or located in the Premises or the Building by or on behalf of Landlord or Tenant: (a) shall during the Term be the property of Tenant, and (b) shall remain upon and be surrendered to Landlord with the Premises as a part thereof at the end of the Term; provided, however, that, Tenant shall at its sole cost and expense, remove, prior to the end of the Term, Tenant's Personal Property and repair any and all damage to the Premises and Building caused by the installation, use and/or removal thereof (and if Tenant fails to repair such damages, then Tenant shall reimburse Landlord as Additional Rent upon demand for the cost of repairing any damage to the Premises or Building caused thereby). In no event, however, and without limitation, shall Tenant be required to remove (i) any of the initial Work performed or installed pursuant to the Work Letter, (ii) any Alterations (other than Required Removal Alterations), or (iii) any of Tenant's cabling and security system equipment. "Required Removal Alterations" shall mean Alterations that (A) are not commonly found in similar office buildings in Rockville, Maryland, (ii) are expensive to remove, and (iii) were identified by Landlord in writing as "Required Removal Alterations" at the time Landlord consented to such Alterations pursuant to Section 8 above. "Tenant's Personal Property" shall mean any trade fixtures, furniture or other property now or hereafter placed in or on, but not

affixed to, the Premises. Tenant shall have the right at its option either to remove or leave in place any or all of Tenant's workstations and/or other systems furniture; provided, however, that Tenant may not remove them if paid for by Landlord out of the Work Allowance (defined in the Work Letter).

B. Any property belonging to Tenant or any other person which is left in the Premises for any reason after the expiration or earlier termination of the Term shall be deemed to have been abandoned. In such event, Landlord shall have the right to declare itself owner of such property and to dispose of it in whatever manner Landlord considers appropriate, and, with respect to any such property that Tenant was required to remove, Tenant shall pay to Landlord, as Additional Rent, the cost of such disposal together with any and all expenses and damages which Landlord may sustain by reason of Tenant's failure to remove the property, and Tenant shall not have any right to compensation or claim against Landlord as a result of any such disposal.

12. ENTRY FOR INSPECTIONS, REPAIRS AND INSTALLATIONS.

Tenant will permit Landlord or any Mortgagee, or their respective agents, brokers, employees or contractors, upon no less than twenty four (24) hours' prior written notice (except in the event of an emergency) to Tenant (which may be delivered by email to: **[redacted]**), to enter the Premises at all times, without charge to Landlord or without diminution of rent payable by Tenant, to examine, inspect, photograph, operate, maintain and protect the Building or the Premises, to make such repairs as in the judgment of Landlord may be deemed necessary to maintain or protect the Premises or the Building, or to make installations related to the construction of tenant improvements or alterations being performed by Landlord for other tenants of the Building (but limited to the extent any such improvements or alterations for other tenants do not reduce Tenant's usable square footage in the Premises and cannot be seen within the Premises), or to exhibit the same to prospective purchasers or lenders at any reasonable time or to prospective tenants during the last twelve (12) months of the Term or at any time during the pendency of an uncured Default. Landlord shall use reasonable efforts to not materially interfere with Tenant's business during any entry into the Premises, and, except in the case of an emergency, Landlord and Tenant shall reasonably agree on the time for such entry. It is expressly understood that the Premises do not include any mechanical, electrical, telephone and similar rooms which service the Building; janitor closets; elevator, pipe and other vertical shafts and ducts; flues; stairwells (except any stairwells exclusively serving the Premises); and the area above the acoustical ceiling.

Notwithstanding the foregoing provisions of this Section 12, (i) in the event of an emergency, Landlord may enter the Premises without notice and make whatever repairs are necessary to protect the Premises or the Building without any liability whatsoever resulting from such entry, and (ii) Landlord may enter the Premises without notice for routine janitorial service, cleaning and maintenance.

13. SERVICES AND UTILITIES.

A. Landlord shall manage, operate and maintain the Building in the manner set forth in this Lease, and otherwise in a manner consistent with the standards for similar first-class office buildings in Rockville, Maryland (the "Building Standard"), the costs of which shall be included in Operating Expenses (except as otherwise expressly provided herein). Subject to the terms herein, Landlord shall provide the following facilities and services to Tenant in accordance with the Building Standard, the cost of which shall be included in Operating Expenses (except as otherwise expressly provided herein): (i) at least one elevator subject to call at all times, including Sundays and Holidays (having lock-off capabilities installed for Tenant's card readers); (ii) central heating and air conditioning from 8:00 a.m. until 6:00 p.m. Monday to Friday and from 8:00 a.m. until 1:00 p.m. on Saturdays, exclusive of Holidays (i.e., New Year's Day, Martin Luther King, Jr. Day, Memorial Day, Independence Day, Labor Day, Thanksgiving Day, Christmas Day, and any other Federal holiday) (" Building Hours"), during the seasons of the year when these services are normally and usually furnished and within the temperature range and in such amounts normally or usually furnished, in comparable office buildings in Rockville, Maryland and that meet the specifications described on Exhibit H attached hereto. In order to reduce Operating Expenses and energy consumption, HVAC will be available to tenants on Saturdays from 8:00 a.m. to 1:00 p.m. at no additional expense by providing written notice to Landlord by 1:00 p.m. the preceding day. Landlord shall provide heat and air conditioning at other times at Tenant's expense, provided Tenant delivers to Landlord written notice by 1:00 p.m. on weekdays for after-hour service on the next weekday, by 1:00 p.m. the day before a Holiday for service on a Holiday, and by 1:00 p.m. on Friday for after-hour service on Saturday, or for service on Sunday. Such after-hour, Holiday or special weekend service shall be charged to Tenant at Landlord's actual direct cost, from time to time, without markup per hour per floor, and the same shall be an item of Additional Rent due thirty (30) days after rendition of a bill therefor; (iii) Building standard cleaning service consistent with the Building Standard and consistent with the cleaning specifications attached hereto as Exhibit I; (iv) electricity sufficient for the Building standard electrical capacity and all Building standard HVAC. The cost for Tenant's electricity usage will be included without overhead or profit, administrative charge or mark-up of any kind in the Operating Expenses for the Building based upon the rates actually paid by Landlord to the utility supplier; (v) rest room facilities and necessary lavatory supplies, including running water at the points of supply provided for general use of other tenants in the Building, and routine maintenance, painting, and electrical lighting service for all public areas and special service areas of the Building in such manner as Landlord deems reasonable; and (vi) access to the Building on a full-time, twenty-four (24) hour basis, subject to such regulations as Landlord may reasonably impose for security reasons. Landlord at its expense shall provide to Tenant five (5) access cards per each 1,000 rentable square feet comprising the Premises. Upon request, Landlord shall provide replacement or additional cards at Tenant's expense. Tenant shall require an access card for each individual employee working in the Premises and shall not permit access cards to be shared.

B. No later than the Commencement Date, Landlord, at its cost and expense and not as an Operating Expense, shall install security card key locks and readers on all sides of the

Building and security key locks and readers via the lobby main entrance and service corridor access points accessing the Building's main lobby. Tenant hereby acknowledges and agrees that Landlord is not providing any security services with respect to the Premises and that Landlord shall not be liable to Tenant for, and Tenant hereby waives any claim against Landlord with respect to, any loss by theft or any other damage suffered or incurred by Tenant in connection with any unauthorized entry into the Premises or any other breach of security with respect to the Premises.

C. Any failure by Landlord to furnish the foregoing services shall not render Landlord liable in any respect for damages to either person or property, not be construed as an eviction of Tenant, nor cause an abatement of rent, nor relieve Tenant from Tenant's obligations hereunder provided, however, that Landlord shall use good faith efforts to restore such failure so long as such failure is within Landlord's reasonable control. If any public utility or governmental body shall require Landlord or Tenant to restrict the consumption of any utility or reduce any service for the Premises or the Building, Landlord and Tenant shall comply with such requirements whether or not the utilities and services referred to in this Section 13 are thereby reduced or otherwise affected, without any reduction or adjustment of rent hereunder. Notwithstanding the foregoing, if for reasons not caused by Tenant, or any of its employees or agents, any interruption or stoppage of any services that Landlord is required hereunder to provide to the Building shall continue for more than **[redacted]** (or **[redacted]** if caused by an Unavoidable Delay) and shall render more than **[redacted]** of the Premises untenantable for general office purposes and Tenant shall actually cease to conduct business in such portion of the Premises, then the Base Rent payable hereunder for such unusable portion of the Premises shall be abated for the period beginning on the **[redacted]** (or the **[redacted]** if caused by an Unavoidable Delay) of such failure (but no earlier than five (5) business days after Landlord receives written notice of such interruption from Tenant) and shall continue until the earlier of the date that (i) Tenant again uses such portion of the Premises, or (ii) such portion of the Premises is again usable.

D. At Landlord's request from time to time, but not more than once annually, Tenant shall submit to Landlord energy and water consumption data, including total usage and total charges as they appear on Tenant's electric, gas, water and other utility bills, in format required by applicable Laws, Green Building Standards or otherwise reasonably acceptable to Landlord.

14. RULES AND REGULATIONS.

Tenant and its agents and invitees shall abide by and observe all rules and regulations as may be promulgated from time to time by Landlord for the operation and maintenance of the Building, provided that such rules or regulations are reasonable and are not inconsistent with the provisions of this Lease. Nothing contained in this Lease shall be interpreted to impose upon Landlord any duty or obligation to enforce any such rules and regulations, or the provisions contained in any other lease, against any other tenant, and Landlord shall not be liable to Tenant for violation of these rules, regulations, or lease provisions by any other tenant, its employees, agents, licensees, contractors or invitees. Additionally, to the extent that Landlord provides any

amenities, including, but not limited to, a fitness center or a conference center, Tenant agrees to abide by and observe all reasonable rules and regulations as may be promulgated from time to time by Landlord with respect thereto.

15. INDEMNITY.

A. Except to the extent caused by the negligence or willful misconduct of Landlord or any Landlord Parties (defined below), Tenant shall indemnify, defend and hold harmless Landlord, its members, partners, parents, affiliates, subsidiaries, the managing agent for the Building, and their respective officers, directors, agents and employees ("Landlord Parties"), Landlord Invitees (as defined in Section 17) and any Mortgagees (as defined in Section 26) from and against any and all claims, loss, expense, damage or liability, including reasonable attorneys' fees, resulting from: (i) the possession, use, occupancy, management, repair, maintenance or control of the Premises or any portion thereof by Tenant, its licensees, subtenants, contractors or invitees, or any of their respective agents or employees (collectively, "Tenant Invitees"), (ii) any Alterations constructed by Tenant or its contractors, or (iii) any willful or negligent act or omission on the part of Tenant or Tenant Invitees.

B. Except to the extent caused by the negligence or willful misconduct of Tenant, Landlord shall indemnify, defend, and hold harmless Tenant, its members, partners, parents, affiliates, subsidiaries, and their respective officers, directors, agents and employees (the "Tenant Parties") from and against any and all claims, loss, expense, damage, or liability, including reasonable attorneys' fees, resulting from: (i) the possession, use, occupancy, management, repair, maintenance or control of the common areas of the Building by Landlord or the Landlord Parties, or (ii) any willful or negligent act or omission on the part of Landlord or any of the Landlord Invitees.

16. TENANT'S RESPONSIBILITY FOR DAMAGE.

Any and all injury, breakage or damage to the Building, arising from any cause, done by Tenant or its agents, contractors, employees and visitors, or by individuals and persons making deliveries to or from the Premises (as long as such deliveries were requested by Tenant, its agents or employees), except as provided for in Section 20, shall be repaired by Landlord at the sole expense of Tenant (which expense shall be deemed Additional Rent). Payment of the cost of such repairs by Tenant shall be due as additional rent with the next installment of Monthly Base Rent after Tenant receives a bill for such repairs from Landlord. This provision shall not be in limitation of any other rights and remedies which Landlord has or may have in such circumstances.

17. LIABILITY FOR DAMAGE TO PERSONAL PROPERTY.

All property, including but not limited to office furniture, personal effects and automobiles, of Tenant or Tenant Invitees, or of any other person, in or on the Premises or the Building, shall be and remain at the sole risk of Tenant or such Tenant Invitee or person. Landlord and its employees, agents, licensees, contractors or invitees (collectively, "Landlord Invitees") shall not be liable for any damage to or theft or loss of such property, whether or not

caused by the act or omission of any person, including Landlord or Landlord Invitees, or by the bursting, leaking or overflowing of water, sewer, steam or sprinkler pipes, heating or plumbing fixtures, air conditioning or heating failure, gas odors or noise, or any other act or thing. Furthermore, Landlord and Landlord Invitees shall not be liable for the interruption of or loss to Tenant's business that may result from any of the acts or causes described above.

18. FIRE AND OTHER CASUALTY.

If the base Building is damaged by fire or other casualty and if this Lease is not terminated by Landlord or Tenant (as provided below), Landlord shall diligently repair the damage to the base Building to substantially the same condition as existing immediately prior to the damage, and Landlord shall have no obligation to repair damage to or replace tenant improvements (including any Tenant Work or Alterations), Tenant's Personal Property or any other property owned by Tenant and located in the Premises, and the Lease shall not terminate. If (a) the entire Premises are rendered untenantable by reason of any such damage, Annual Base Rent and Additional Rent shall abate for the period from the date of the damage to the earlier of (i) the date Tenant has substantially completed its restoration work, or (ii) ninety (90) days after the date the damage to the base Building is repaired as reasonably determined by Landlord, and Tenant is allowed into the Premises to commence construction of its restoration work, or (b)only a part of the Premises are so rendered untenantable, Annual Base Rent and Additional Rent shall abate for the same period in the proportion that the area of the untenantable part bears to the total area of the Premises; provided, however, that in all events Tenant shall pay rent with respect to any portion(s) of the Premises actually used by Tenant and provided further, that if prior to the date when all the damage has been repaired part of the Premises so damaged are rendered tenantable and shall be used or occupied by or through Tenant, then the amount by which Annual Base Rent and Additional Rent abates shall be apportioned for the period from the date of such actual or available use or occupancy to the date when all the damage has been repaired as reasonably determined by Landlord. Tenant hereby waives any right under applicable Law to terminate this Lease in the event of a casualty, and no compensation or reduction of rent shall be paid or allowed by Landlord for inconvenience, annoyance, or injury to Tenant's business arising from the fire or other casualty or the need to repair the Premises or the Building.

No later than [redacted] after any material fire or other casualty to the Building, Landlord shall deliver to Tenant a written opinion of a qualified professional selected by Landlord setting forth the estimated time to restore the base Building to substantially the condition it was in prior to such casualty (the "Restoration Estimate"). If (a) the Restoration Estimate indicates that the base Building cannot be fully repaired within [redacted] after the date of the casualty, (b) Landlord was maintaining property insurance customary for similar buildings, but insurance proceeds, plus the Landlord's deductible, are insufficient to pay the full cost of repair and restoration, and Landlord terminates leases relating to at least [redacted] of the Building, or (c) zoning or other applicable Laws or regulations do not permit such repair or restoration, then Landlord, at its option, may give Tenant, within sixty (60) days after the fire or other casualty, written notice of

termination of this Lease and, in the event such notice is given, this Lease and the Term shall terminate (whether or not the Term shall have commenced) upon the expiration of [redacted] from the date of delivery of such notice with the same effect as if the date of expiration of the [redacted] were the date initially fixed for expiration of the Term, and all rent shall be apportioned as of such date.

Additionally, if the Restoration Estimate indicates that the base Building cannot be fully repaired within [redacted] after the date of the fire or other casualty, then Tenant shall have the right to terminate this Lease, but only by delivering written notice of termination to Landlord within [redacted] after delivery of the Restoration Estimate, in which event this Lease and the Term shall terminate (whether or not the Term shall have commenced) upon the expiration of [redacted] from the date of delivery of Tenant's notice with the same effect as if the date of expiration of the [redacted] were the date initially fixed for expiration of the Term, and all rent shall be apportioned as of such date. In addition, if Landlord fails to fully restore the base Building on or before the later of (i) [redacted] after the date of the fire or other casualty, or (ii) [redacted] after the date set forth in the Restoration Estimate, then Tenant shall have the right to terminate this Lease, but only by delivering written notice of termination to Landlord within [redacted] after the date such termination option right arose, in which event this Lease and the Term shall terminate (whether or not the Term shall have commenced) upon the expiration of [redacted] from the date of delivery of such notice with the same effect as if the date of expiration of the [redacted] were the date initially fixed for expiration of the Term, and all rent shall be apportioned as of such date.

19. TENANT INSURANCE; LANDLORD INSURANCE.

A. Tenant, at Tenant's expense, shall obtain and maintain in effect at all times during the Term insurance policies providing at least the following insurance coverage: (i) Special Form-Causes of Loss (formerly "all risk") coverage insurance for all tenant improvements in the Premises (including any Tenant Work and Alterations), Tenant's Personal Property and all other property in the Premises for not less than full replacement value. Any and all proceeds of such insurance shall be used only to repair or replace the items so insured; (ii) a commercial general liability insurance policy protecting Landlord, Tenant, the managing agent of the Building and any Mortgagee (as hereinafter defined) against any liability for bodily injury, personal injury, death or property damage occurring upon, in or about the Premises or the Building, or arising from any of the items set forth in Section 15 against which Tenant is required to indemnify Landlord on an occurrence ISO form, including, without limitation, bodily injury and death, property damage, personal injury, products and completed operations liability and contractual liability coverage for the performance by Tenant of its obligations under this Lease, with a single limit of at least **[redacted]** and an annual aggregate of at least **[redacted]**, and with a limit of not less than **[redacted]** with respect to damage to property in any one occurrence. Landlord may require Tenant, at Tenant's expense, to increase the type or limits of said insurance during the Term, provided that such coverage is consistent with industry standards for first class office buildings in Rockville, Maryland; (iv) automobile liability insurance providing coverage for owned, hired and non-owned automobiles at a

minimum limit of **[redacted]** each accident; (v) Workers' Compensation coverage: Statutory. Employers' liability coverage at a minimum limit of **[redacted]** bodily injury each accident.

B. All insurance policies required to be obtained and maintained by Tenant under this Lease must: (i) be issued by insurance companies reasonably approved by Landlord, licensed to do business in the State of Maryland, and having a rating of no less than A/XI by A.M Best Co., (ii) [omitted]; (iii) be written as primary policy coverage and not contributing with or in excess of any coverage which Landlord or its mortgagees may carry; (iv) contain an express waiver of any right of subrogation by the insurance company against Landlord, its mortgagees and their respective agents and employees; (v) in the case of Tenant's commercial general liability policy and Tenant's property insurance relating to the Work and Alterations (but not Tenant's Personal Property), name Landlord, the managing agent of the Building and any Mortgagee as additional insureds, and (vi) if available, provide that the policy may not be cancelled, not renewed, or materially changed unless Landlord shall have received at least thirty (30) days prior written notice of cancellation or non-renewal or material change. Tenant shall deliver to Landlord ACORD certificates of insurance, at least **[redacted]** before access to the Premises is provided to Tenant or Tenant's Invitees and at least **[redacted]** before the expiration of the expiring policies previously furnished. Any insurance required of Tenant under this Section 19 may be carried under a blanket policy covering the Premises and other locations of Tenant, provided Tenant shall deliver to Landlord an ACORD certificate of insurance evidencing each blanket policy, or other evidence satisfactory to Landlord of blanket coverage and provided further, that said blanket policy shall specifically set forth the amount of insurance allocated to Tenant's insurance requirements under this Lease. Neither the issuance of any such insurance policy nor the minimum limits specified in this Section 19 with respect to Tenant's insurance coverage shall be deemed to limit or restrict in any way Tenant's liability arising under or out of this Lease.

C. In the event of increases in the insurance rates for fire insurance or other insurance carried by Landlord due to (i) activity or property on or about the Premises, (ii) activity or property of Tenant or Tenant Invitees on or about the Building, or (iii) for improvements to the Premises other than Building standard improvements, Tenant shall be liable for such increases and shall reimburse Landlord immediately upon demand therefor. Statements by an insurance company or by the applicable insurance rating bureau that such increases are due to such activity, equipment or improvements shall be conclusive evidence for determining said liability of Tenant.

D. Landlord shall obtain and maintain in effect at all times during the Term insurance policies providing at least the following insurance coverage: (i) Special Form-Causes of Loss (formerly "all risk") coverage insurance for the base Building, including the Building structure and base Building systems; and (ii) a commercial general liability insurance policy protecting Landlord against any liability for bodily injury, personal injury, death or property damage occurring upon, in or about the Building, on an occurrence ISO form, including, without limitation, bodily injury and death, property damage, personal injury, products and completed operations liability.

20. RELEASE OF CLAIMS AND WAIVER OF SUBROGATION.

Notwithstanding any provision of this Lease to the contrary, to the fullest extent permitted by Law, Landlord and Tenant each hereby releases (and on behalf of its respective insurer or insurers waives any right of subrogation with respect to) the other, and the other's respective employees, agents, contractors or licensees from any claims for damage or loss to the Premises, the Building, any property contained therein, or any other property, including business interruption, due to hazards covered by policies of insurance obtained or which are required to be obtained pursuant to this Lease, to the extent of the injury or loss covered or which should have been covered thereby, assuming that any deductible shall be deemed to be insurance coverage, and such release and waiver shall be effective regardless of the cause of the damage or loss (including the negligence of Landlord or Tenant or any of their respective employees, agents, licensees or contractors). Tenant shall obtain from its subtenants a similar release of claims and waiver of subrogation against Landlord, its employees, agents, licensees and contractors, and Tenant shall procure (and shall cause its subtenants to procure) an appropriate clause in, or endorsement on, any property insurance policy required by this Lease, pursuant to which the insurance company waives subrogation as provided in this Section 20. The insurance policies required by this Lease shall contain no provision that would invalidate or restrict the releases and waivers set forth in this Section 20.

21. CONDEMNATION.

If the whole or a substantial part of the Premises, the Building or the Land is taken or condemned by any governmental authority for any purpose (or is granted to any governmental authority in lieu of condemnation, such granting being deemed a condemnation for purposes of this Lease), Landlord shall have the right at its sole discretion to terminate this Lease upon delivering notice of termination to Tenant, such notice to be delivered no later than **[redacted]** after receipt of notice of such Taking, and upon the timely delivery of such termination notice by Landlord, the Term shall terminate as of the date title vests in the authority, and rent shall be apportioned as of that date. If a taking or condemnation of greater than **[redacted]** of the Premises leaves the balance of the Premises unusable for general office purposes, and Landlord does not provide Tenant with alternative space in the Building acceptable to Tenant, in its sole but reasonable judgment, then Tenant shall have the right to terminate this Lease upon delivering notice of termination to Landlord within **[redacted]** following Landlord's delivery of notice of such taking or condemnation, in which event this Lease shall terminate as of the date title vests in the authority, and rent shall be apportioned as of that date. Landlord shall use good faith efforts to obtain from the government authority a reasonable period of time for Tenant to vacate the Premises.

If this Lease is not terminated as provided above in this Section 21, then, provided that at least some portion of the Premises is taken, the rent shall be equitably adjusted as of the date title vests in the authority and this Lease shall otherwise continue in full force and effect. For purposes of this Section 21, a substantial part of the Premises, the Land or the Building shall be considered to have been taken or condemned if, in the sole opinion of Landlord, the taking or condemnation shall render it commercially impracticable for Landlord to permit this Lease to

continue or to continue operating the Building. Tenant shall have no claim against Landlord arising out of the taking or condemnation, or arising out of the cancellation of this Lease, or for any portion of the amount that may be awarded as damages as a result of any taking or condemnation or for the value of any unexpired portion of the Term or for any property other than Tenant's Personal Property, and Tenant hereby assigns to Landlord all its rights, title and interest in and to any such award; provided, however, that in the event of a total taking, Tenant may assert any claim it may have against the condemning authority for compensation for Tenant's Personal Property and for any relocation expenses compensable by statute, and receive such awards therefor as may be allowed in the condemnation proceedings if such awards shall be made in addition to and stated separately from the award made for the Land, the Building and the Premises. Landlord shall have no obligation to contest any taking or condemnation.

22. DEFAULTS AND REMEDIES.

A. The occurrence of any one or more of the following events shall be a "Default":

(i) If Tenant refuses or fails to take possession of the Premises within thirty (30) days after the Possession Date;

(ii) If Tenant fails to pay any installment of Annual Base Rent or Additional Rent, or any other charge required to be paid by Tenant hereunder, when the same shall become due and payable, and such failure continues for **[redacted]** after written notice from Landlord; provided, however, that Landlord shall not be obligated to provide Tenant with more than **[redacted]** notices per each consecutive 12 month period during the Term (and if Landlord is not obligated to provide any such written notice, then a Default shall occur if Tenant fails to pay any installment of Annual Base Rent, Additional Rent, or any other charge required to be paid by Tenant herein when due within **[redacted]** from the due date);

(iii) If Tenant fails to comply with the provisions of Section 7, Section 19, Section 26 or Section 29 and such failure continues for **[redacted]** following written notice from Landlord therefor;

(iv) If Tenant enters into an Assignment or Subletting in violation of Section 27; provided, however, Tenant shall have **[redacted]** following Landlord's written notice to Tenant of such Default to cure such Default under this subsection.

(v) If: (a) Tenant becoming insolvent, as that term is defined in Title 11 of the United States Code (the "Bankruptcy Code"), or under the insolvency laws of any state (the "Insolvency Laws"); (b) a filing of a voluntary petition by Tenant under the provisions of the Bankruptcy Code or Insolvency Laws; (c) a filing of an involuntary petition against Tenant as the subject debtor under the Bankruptcy Code or Insolvency Laws, which is not dismissed within **[redacted]** of filing; or (d) Tenant's making or consenting to an assignment for the benefit of creditors or a composition of creditors;

(vi) If Tenant fails to perform or observe any other term, provision, covenant, condition or requirement of this Lease (not hereinbefore specifically referred to) on the part of

Tenant to be performed or observed, and such failure shall continue for **[redacted]** after written notice from Landlord (except that such **[redacted]** period shall be extended for such additional period of time as may reasonably be necessary to cure such default, only if such default, by its nature, cannot be cured within such **[redacted]** period, and Tenant is, at all times thereafter, in the process of diligently curing the same, provided in all events such default is cured within **[redacted]** from the date of Landlord's written notice, and provided further that Tenant delivers to Landlord written reports, no less frequently than weekly, specifying in reasonable detail Tenant's diligent efforts to cure the default and the estimated date for cure); or

(vii) If Tenant shall cause or suffer three (3) monetary defaults within any twenty-four (24) month period, and notwithstanding any subsequent cure of such defaults.

B. Upon the occurrence of a Default, Landlord shall have the right, at its election, then or at any time thereafter during the time the Default remains uncured either:

(i) To give Tenant written notice of Landlord's intent to terminate this Lease on the date of the notice or on any later date specified in the notice, and on such date Tenant's right to possession of the Premises shall cease and this Lease shall thereupon be terminated;

(ii) To give Tenant written notice of Landlord's intent to terminate Tenant's right to possession of the Premises (without terminating this Lease), on the date of the notice or on any later date specified in the notice, and on such date Tenant's right to possession of the Premises shall cease; or

(iii) Without demand or notice, to reenter and take possession of all or any part of the Premises, and expel Tenant and those claiming through Tenant, and remove the property of Tenant and any other person, either by summary proceedings or by action at law, in equity or otherwise, without being deemed guilty of trespass and without prejudice to any remedies for nonpayment or late payment of rent or for breach of covenant.

The provisions of this Section 22 shall operate as a notice to quit, any other notice to quit or of Landlord's intention to reenter the Premises or terminate this Lease being hereby expressly waived. If Landlord elects to reenter under this Section 22.B, Landlord may terminate this Lease, or, from time to time without terminating this Lease, may relet all or any part of the Premises as agent for Tenant for such term or terms and at such rental and upon such other terms and conditions as Landlord may in its sole discretion deem acceptable, with the right to make Alterations and repairs to the Premises. No such reentry or taking of possession of the Premises by Landlord shall be construed as an election on Landlord's part to terminate this Lease unless notice of such intention is decreed by a court of competent jurisdiction at the instance of Landlord. If Landlord has regained possession of the Premises, whether or not Landlord elected to terminate this Lease, Landlord shall use commercially reasonable efforts to relet the Premises.

C. If Landlord terminates this Lease, terminates Tenant's right to possession of the Premises, or reenters the Premises pursuant to Section 22.B above, Tenant shall remain liable for: (i) any unpaid rent due at the time of termination, plus interest thereon from the due date at the annual rate of **[redacted]** above the prime rate of interest announced by Bank of America

(or any other institutional lender Landlord may designate by written notice to Tenant for such purpose) from time to time; provided, however, that if such interest is limited by law to a lesser amount, Landlord shall be entitled to the maximum amount of interest permitted by law (the "Default Interest Rate"), (ii) damages in an amount equal to the sum of the Annual Base Rent, Additional Rent and any other sums provided for in this Lease from the time of termination until the date this Lease would have expired had such termination not occurred; (iii) any and all reasonable expenses (including all disbursements, brokerage fees (prorated based on the remaining Term of this Lease and the term of any replacement lease) and attorneys' fees) incurred by Landlord in reentering and repossessing the Premises, in making good any Default by Tenant, in painting, altering, repairing or dividing the Premises, in protecting and preserving the Premises by use of watchmen and caretakers and in reletting the Premises; and (iv) any other amount necessary to compensate Landlord for any other detriment caused Landlord by Tenant's failure to perform its obligations under this Lease or that in the ordinary course of things would likely result therefrom, less (v) the net proceeds received by Landlord from any reletting prior to the date this Lease would have expired if it had not been terminated. Tenant agrees to pay to Landlord the amount so owed above for each month during the Term, at the beginning of each such month. Any suit brought by Landlord to enforce collection of such amount for any one month shall not prejudice Landlord's right to enforce the collection of any such amount for any subsequent month. In addition to the foregoing, and without regard to whether this Lease has been terminated, Tenant shall pay to Landlord all costs incurred by Landlord, including reasonable legal fees, in connection with the enforcement of this Lease, whether or not Landlord institutes legal proceedings in connection therewith. Tenant's liability shall survive the institution of summary proceedings and the issuance of a warrant or writ thereunder. If for any period of reletting, Landlord obtains sums in excess of the Annual Base Rent and Additional Rent due from the Tenant, any such sum shall be the sole property of the Landlord and the Tenant will not be entitled to a credit therefor. If all or a portion of the Premises are relet by Landlord together with other areas, Landlord shall have the right to allocate the amount of rental therefrom between the Premises (or such portion thereof) and such other areas.

D. If Landlord terminates this Lease, terminates Tenant's right to possession of the Premises, or reenters the Premises pursuant to Section 22.B above, Landlord shall have the right at any time, at its sole option, to require Tenant to pay to Landlord on demand, as liquidated and agreed final damages in lieu of Tenant's liability under Section 22.C above: the sum of (A) all unpaid rent and other sums due under this Lease through the date of Landlord's demand, plus (B) (i) the then present cash value of the Annual Base Rent, Additional Rent and all other sums which would have been payable under this Lease from the date of such demand to the date when this Lease would have expired if it had not been terminated, minus (ii) the then fair market rental value of the Premises for the same period; provided, however, that if such damages are limited by law to a lesser amount, Landlord shall be entitled to prove as liquidated damages the maximum amount permitted by law.

In making the foregoing computation for liquidated damages, the then present cash value of the Annual Base Rent, Additional Rent and all other sums which would have been payable under this Lease from the date of demand to the date this Lease would have expired if it had not

been terminated shall be deemed to be the sum which, if invested at **[redacted]** simple interest, would produce such Annual Base Rent, Additional Rent and other sums over the period of time in question, and the then cash rental value of the Premises shall be deemed prima facie to be the rental realized upon a reletting, similarly discounted, if reletting can be accomplished by Landlord within a reasonable time after such Lease termination. For purposes of determining the rent that would have been payable under this Lease, Tenant's obligations for Operating Expenses and Real Estate Tax Expenses shall be projected, based upon the average rate of increase, if any, in such items from the Rent Commencement Date through the date of termination. Nothing herein shall be construed to affect or prejudice Landlord's right to prove, and claim in full, unpaid rent accrued prior to termination of this Lease plus interest thereon at the Default Interest Rate.

E. In the event of any Default, Landlord shall be entitled to enjoin such Default and shall have the right to invoke any right or remedy allowed at law, in equity, or otherwise, as if reentry, summary proceedings or other specific remedies were not provided for in this Lease.

F. Landlord hereby waives any statutory or other lien Landlord may have on Tenant's personal property located in the Building.

G. All rights and remedies of Landlord under this Lease shall be cumulative and, unless expressly provided in this Lease to the contrary, are not exclusive of any other rights and remedies provided to Landlord now or hereafter existing under law.

23. RIGHT OF LANDLORD TO CURE TENANT'S DEFAULT.

If Tenant defaults in the making of any payment or in the doing of any act required to be made or done under this Lease by Tenant, and such default is a violation of Laws or insurance requirements, presents an imminent danger to persons or property, or becomes a Default, then Landlord, after giving Tenant **[redacted]** notice (except in the case of an emergency when no additional notice shall be required), may, but shall not be required to, make such payment or do such act, and the expense thereof, if made or done by Landlord, with interest thereon at the Default Interest Rate from the date paid by Landlord shall be paid by Tenant to Landlord and shall constitute Additional Rent hereunder due and payable with the next payment of Monthly Base Rent; but the making of such payment or the doing of such act by Landlord shall not operate to cure the default or to estop Landlord from the pursuit of any remedy to which Landlord would otherwise be entitled.

24. WAIVER.

No failure by either Party to insist upon the strict performance by the other Party of any provision of this Lease or to exercise any right or remedy for default hereunder, and no acceptance by Landlord of full or partial rent during the continuance of any such default shall constitute a waiver of the default or of the provision, and no default shall be waived or modified except by a written instrument executed by Landlord or Tenant, as the case may be. No waiver of any default or compromise or settlement of any proceeding instituted by either Party shall

affect or alter this Lease or constitute a waiver of any of its provisions, but each and every provision of this Lease shall continue in full force and effect with respect to any other then existing or subsequent default. No payment by Tenant, or receipt by Landlord, of a lesser amount than the correct Monthly Base Rent or Additional Rent shall be deemed to be other than a payment on account, nor shall any endorsement or statement on any check or letter accompanying any check for payment of rent or any other amounts owed to Landlord be deemed to effect or evidence an accord and satisfaction, and Landlord may accept such check or payment without prejudice to Landlord's right to recover the balance of the rent or other amount owed or to pursue any remedy provided in this Lease or at law. No reentry by Landlord, and no acceptance by Landlord of keys from Tenant, shall operate as a termination of this Lease or a surrender of the Premises.

25. HOLDING OVER.

If Tenant does not surrender to Landlord possession of the Premises in substantially the condition required by Section 8 and Section 11 (the "Surrender Condition") on or before the expiration or earlier termination of the Term, then Landlord may deem Tenant to be occupying the Premises as a tenant from month-to-month, at a monthly rental, payable on a per diem basis, equal to: (1) **[redacted]** of the Monthly Base Rate in effect for the last full month of the Term for the first **[redacted]** of any such holding over, and (2) **[redacted]** of the Monthly Base Rent in effect the last full month of the Term for the remaining period of any such holding over, and subject to all the other provisions of this Lease as applicable or adjusted to a month-to-month tenancy, including Tenant's obligation to pay Additional Rent for Tenant's Share of Increases in Operating Expenses and Tenant's Share of Increases in Real Estate Tax Expenses. If Tenant shall hold over after the expiration of the Term or extension period thereof, and if Landlord shall desire to regain possession of the Premises promptly at the expiration of the Term or extension period thereof, then notwithstanding the foregoing provisions of this Section 25, Landlord, at its option, may forthwith reenter and take possession of the Premises by any legal process in effect in the jurisdiction in which the Building is located, and Landlord may exercise any other remedies it has under this Lease or at law or in equity, including an action for wrongfully holding over. If Tenant surrenders possession of the Premises, but not substantially in the condition required by Section 8 and Section 11 (the "Surrender Condition"), and such failure continues for ten (10) days after Tenant's receipt of written notice from Landlord, then Landlord shall have the rights set forth in Section 11.B.

26. SUBORDINATION.

This Lease is subject and subordinate to the lien of any and all mortgages (which term "mortgages" shall include both construction and permanent financing and shall include deeds of trust and similar security instruments) of Landlord's mortgage lenders ("Mortgagee"), which may now or hereafter encumber or otherwise affect the Land or the Building, or Landlord's leasehold therein, and to any and all renewals, extensions, modifications, recastings or refinancings thereof. This clause shall be self-operative and no further instrument of subordination need be required by any Mortgagee or trustee. Nevertheless, if requested by Landlord, Tenant shall execute and deliver any certificate or other document confirming such

subordination within **[redacted]** after Landlord's request. Tenant agrees that if any proceedings are brought for the foreclosure of any such mortgage, Tenant, if requested to do so by the purchaser at the foreclosure sale, shall attorn to the purchaser, shall recognize the purchaser as the landlord under this Lease, and shall make all payments required hereunder to such new landlord without any deduction or set-off of any kind whatsoever (other than those expressly provided for in this Lease). Tenant agrees that upon such attornment to a Mortgagee or purchaser, such Mortgagee or purchaser shall not be (1) bound by any payment of Monthly Base Rent or additional rent for more than **[redacted]** in advance, (2) liable for any act or omission or warranty of any prior landlord (including Landlord), (3) liable for (a) the breach of any representation or warranty made by any prior landlord (including Landlord), (b) any obligation relating to construction of improvements by any prior landlord (including Landlord), or (c) any release of Hazardous Materials not caused by such Mortgagee after such attornment, (5) liable for return of Security Deposit, except to the extent the Security Deposit has actually been received by the mortgagee, or (6) subject to any offsets or defenses which Tenant might have against any prior landlord, provided, however, that after succeeding to Landlord's interest under this Lease, such purchaser shall perform in accordance with the terms of this Lease all obligations of Landlord arising after the date such purchaser acquires title to the Building.

Tenant waives the provisions of any law or regulation, now or hereafter in effect, which may give or purport to give Tenant any right to terminate or otherwise adversely affect this Lease and the obligations of Tenant hereunder in the event that any such foreclosure or termination or other proceeding is prosecuted or completed. Anything contained in the provisions of this Section 26 to the contrary notwithstanding, any Mortgagee may at any time subordinate the lien of its mortgage to the operation and effect of this Lease without obtaining the Tenant's consent thereto, by giving the Tenant written notice thereof, in which event this Lease shall be deemed to be senior to such mortgage without regard to their respective dates of execution, delivery and/or recordation among the Land Records of the State of Maryland, and thereafter such Mortgagee shall have the same rights as to this Lease as it would have had, were this Lease executed and delivered before the execution of such mortgage.

Landlord acknowledges that, as of the Effective Date, Landlord has a contract to sell the Building to a transferee within **[redacted]** after the Effective Date. After the closing on such sale, the transferee will be the "Landlord" under this Lease. Within **[redacted]** after the Effective Date, Landlord shall obtain and deliver to Tenant a subordination and non-disturbance agreement substantially in the form attached hereto as Exhibit J (the "SNDA") with Landlord's Lender. For purposes of this paragraph, "Landlord's Lender" shall mean the mortgagee of the Building after the closing on the sale of the Building contemplated in this paragraph, provided, if such sale does not occur, "Landlord's Lender" shall mean the mortgagee of the existing Landlord that has a mortgage or deed of trust secured by the Building. If Landlord has not delivered to Tenant the SNDA from Landlord's Lender within **[redacted]** after the Effective Date, Tenant shall have the right at its option to terminate this Lease by sending written notice of such election prior to the time Landlord delivers the SNDA. Notwithstanding anything herein contained to the contrary, Tenant's obligation to subordinate this Lease to any future mortgage shall be conditioned on Tenant's receipt of a nondisturbance agreement in form and substance reasonably acceptable to Tenant.

27. ASSIGNMENT AND SUBLETTING.

A. Except at otherwise provided in Section 27.E or Section 27.F below, Tenant shall not, without the prior written consent of Landlord, which consent shall not be unreasonably withhold, conditioned or delayed, in each instance: (i) assign or otherwise transfer, mortgage or otherwise encumber this Lease or any of its rights hereunder (any of the foregoing in this clause (i) shall be deemed to be, and shall hereinafter be referred to as, an "Assignment," and the respective third party an "Assignee"), or (ii) sublet the Premises or any part thereof, or permit the occupancy or use of the Premises or any part thereof (whether by sublease, license, concession or otherwise) by any persons other than Tenant, its agents or employees (any of the foregoing in this clause (ii) shall be deemed to be, and shall hereinafter be referred to as, a "Sublease", and the respective third party a "Subtenant") (each, a "Transfer"). Without limitation, Landlord shall be deemed to be reasonable in disapproving a proposed Assignment or Sublease if: (i) the transferee is of a character or reputation or engaged in a business which is not consistent with the quality of the Building; (ii) the transferee is either a governmental agency or instrumentality thereof; (iii) the transferee is not a party of reasonable financial worth and/or financial stability in light of the responsibilities involved under this Lease on the date consent is requested; (iv) the Transfer may result in a significant increase in the use of the utilities, services or Common Areas of the Project; (v) the proposed assignee or sublessee is an existing tenant of the Building, is currently negotiating with Landlord for space in the Building, or has received a lease proposal from Landlord (in each case, directly or via a broker) for space in the Building and/or the Project during the **[redacted]** immediately prior to Tenant's request for Landlord's consent; (vi) the proposed Transfer would cause a violation of another lease for space in the Building, or would give an occupant of the Building a right to cancel its lease; (vii) the Monthly Base Rent being charged by the Tenant under any sublease or assignment (excluding any concessions, incentives, free rent or abatements offered by Tenant under such sublease or assignment) is less than **[redacted]** of the base rent Tenant owes Landlord under this Lease; or (viii) Tenant is in Default of this Lease.

B. If Tenant requests Landlord's consent to an Assignment or Sublease, and delivers to Landlord Tenant's proposed form of Assignment or Sublease, as applicable, and such other documents or information reasonably requested by Landlord regarding such Transfer, Landlord shall, no later than **[redacted]** after written notice to Landlord, approve or disapprove of the proposed Assignment or Sublease and, in the case of Landlord's disapproval, Landlord shall indicate with reasonable specificity Landlord's reason(s) for such disapproval. If Landlord fails to respond within such **[redacted]** period, and such failure continues for **[redacted]** after a second notice is delivered to Landlord, such failure shall be deemed to constitute Landlord's disapproval of the proposed Assignment or Sublease.

C. In connection with Landlord's approval of any Assignment or Sublease, Tenant and the Assignee or Subtenant (as the case may be) shall execute and deliver a commercially reasonable form of Consent therefor. If Tenant Defaults hereunder with respect to any Sublease, Tenant hereby assigns to Landlord the rent due from any Subtenant of Tenant and hereby authorizes each such Subtenant to pay said rent directly to Landlord. The consent by Landlord to any Assignment or Sublease to any party shall not be construed as a waiver or

release of Tenant under the terms of any covenant or obligation under this Lease, nor shall the collection or acceptance of rent from any such Assignee or Subtenant constitute a waiver or release of Tenant of any covenant or obligation contained in this Lease, nor shall any such Assignment or Sublease be construed to relieve Tenant from obtaining the consent of Landlord to any further Assignment or Sublease. Tenant shall be responsible for any costs and expenses, including legal fees, incurred by Landlord in connection with any proposed or purported Assignment or Sublease, whether or not such Assignment or Sublease is actually concluded; such costs and expenses shall be Additional Rent due at the time and as a condition of Landlord's consent to such Assignment or Sublease. Each Assignee and Subtenant hereunder shall comply with the terms and conditions of this Lease, including without limitation Section 7, and in no event shall any Assignment or Sublease to be construed to modify any provision of this Lease.

D. If Landlord gives Tenant its consent to such Assignment or Sublease of all or a portion of the Premises to a third party (excluding Permitted Transfers or Permitted Occupancies), then **[redacted]** of any monthly rent or other payment paid to Tenant as the result of any such Assignment or Sublease which is in excess of the rent (either on a square foot or aggregate basis) then payable by Tenant under the Lease, and after first recovering on a cash basis all reasonable and ordinary out of pocket third party transaction costs incurred by Tenant related to such Assignment or Sublease (e.g., brokerage fees, legal fees and improvement allowances and other concessions), shall be paid by Tenant to Landlord, monthly, as Additional Rent. During the term of such Assignment or Sublease, Tenant, at Landlord's request, within **[redacted]** after the end of each -annual period, shall provide Landlord with annual statements, certified by Tenant's chief financial officer, stating the amounts received by Tenant from such Assignment or Sublease during such annual period.

E. Notwithstanding anything to the contrary set forth in this Section 27, upon delivering no less than **[redacted]** prior written notice ("Permitted Transfer Notice") to Landlord, Tenant shall have the right, without Landlord's consent to assign this Lease or to sublet all or any part of the Premises to any of the following entities (each, a "Permitted Transferee", and each such assignment of sublease, a "Permitted Transfer") which immediately after the Permitted Transfer, in the case of an assignment, assumes all of Tenant's liabilities, duties and obligations hereunder and has a tangible net worth (i.e., exclusive of good will) no less than the tangible net worth of Tenant immediately prior to the date of such assignment: (i) any successor corporation or other entity resulting from a merger or consolidation of Tenant; (ii) any purchaser of all or substantially all of Tenant's assets; or (iii) an affiliate, subsidiary, or parent of Tenant, or to any person or entity which controls, is controlled by, or is under common control with Tenant ("control" meaning, with respect to a corporation, the right to exercise, directly or indirectly, more than 50% of the voting rights attributable to the shares of the controlled corporation, and with respect to a person or entity that is not a corporation, the possession, directly or indirectly, of the power to direct or cause the direction of the management or policies of the controlled person or entity). At Landlord's request, Tenant shall provide sufficient detail for Landlord to determine that the proposed transfer constitutes a Permitted Transfer, and Tenant upon request shall provide Landlord with additional information regarding the proposed transfer as reasonably requested by Landlord.

F. Notwithstanding anything to the contrary set forth in this Section 27, upon delivering no less than **[redacted]** prior written notice to Landlord, Tenant shall have the right, without Landlord's consent to allow is subcontractors, clients, customers and business partners to occupy all or a part of the Premises from time to time for the purpose of doing business with Tenant without the need to have a sublease agreement ("Permitted Occupancies").

G. Anything contained in the foregoing provisions of this Section 27 to the contrary notwithstanding, neither Tenant nor any other person having an interest in the possession, use, occupancy or utilization of the Premises (or any portion thereof) shall enter into any Assignment or Sublease for use, occupancy or utilization of the Premises (or any portion thereof) or any Sublet Space (i) which provides for rental or other payment for such use, occupancy or utilization based, in whole or in part, on the net income or profits derived by any person from the Premises (or any portion thereof) or any Sublet Space (other than an amount based on a fixed percentage or percentages of receipts or sales). In no event may Tenant enter into a collateral assignment of this Lease or grant a security interest in any fixtures in the Premises. Any attempted or purported Assignment and any attempted or purported Sublease in violation of this Section 27 shall be null and void ab initio and shall not confer any rights upon any purported Assignee or Subtenant.

H. No Assignment or Sublease shall affect any of Tenant's rights or options under this Lease, including Tenant's rights under Exhibit D (Option to Extend), Exhibit E (Right of First Offer), or Exhibit F (Option to Terminate).

28. TRANSFER BY LANDLORD.

Landlord may freely sell, assign or otherwise transfer all or any portion of its interest in this Lease, the Premises or the Building, and in the event of any such sale, assignment or other transfer, the transferring Landlord, and any successor or affiliate of such party, shall automatically be relieved of all of its obligations under this Lease accruing from and after the date of such sale, assignment or transfer, and Tenant shall thereafter be bound to such purchaser, assignee or other transferee, as the case may be, with the same effect as though the latter had been the original Landlord hereunder.

29. ESTOPPEL CERTIFICATES.

Tenant shall, without charge, at any time, and from time to time, upon **[redacted]** notice to Tenant, execute, acknowledge and deliver to Landlord a written estoppel certificate in the form reasonably determined by Landlord, certifying to Landlord, any mortgagee (or prospective mortgagee), assignee (or prospective assignee) of a mortgagee, or any purchaser (or prospective purchaser) of the Building or any interest therein, or any other person designated by Landlord, as of the date of such estoppel certificate, the following: that this Lease is in full force and effect, the date to which rent has been paid, that, to Tenant's knowledge, Landlord is not in default hereunder (or specifying in detail the nature of Landlord's default), the termination date of this Lease and such other factual matters pertaining to this Lease as may be reasonably requested by Landlord; and any other factual information reasonably requested.

30. COVENANTS OF LANDLORD.

Landlord covenants that it has the right to make this Lease, and that if Tenant shall pay all Annual Base Rent and Additional Rent and perform all of Tenant's obligations under this Lease, Tenant shall, during the Term and subject to the provisions of this Lease, quietly occupy and enjoy the Premises without interruption or hindrance by Landlord.

31. WAIVER OF JURY TRIAL.

TO THE MAXIMUM EXTENT PERMITTED BY LAW, TENANT AND LANDLORD WAIVE ANY RIGHT TO TRIAL BY JURY OR TO HAVE A JURY PARTICIPATE IN RESOLVING ANY DISPUTE, WHETHER ARISING OUT OF ANY CONTRACT, TORT, OR OTHERWISE, BETWEEN LANDLORD AND TENANT ARISING OUT OF THIS LEASE OR ANY OTHER INSTRUMENT, DOCUMENT, OR AGREEMENT EXECUTED OR DELIVERED IN CONNECTION HEREWITH OR THE TRANSACTIONS RELATED HERETO. Although such jury waiver is intended to be self-operative and irrevocable, Landlord and Tenant each further agrees, if requested, to confirm such waivers in writing at the time of commencement of any such action, proceeding or counterclaim. If Landlord commences any detainer suit, summary proceedings or other action seeking possession of the Premises, Tenant agrees not to interpose by consolidation of actions, removal to chancery or otherwise, any counterclaim, claim for set-off, recoupment or deduction of rent, or other claim seeking affirmative relief of any kind (except a mandatory or compulsory counterclaim which Tenant would forfeit if not so interposed).

32. BROKERAGE.

Landlord and Tenant each represents and warrants to the other that (except as hereinafter set forth) neither of them has employed any broker in carrying on any negotiations relating to this Lease. Landlord represents that it has employed Transwestern as its broker; Tenant represents that it has employed Jones Lang LaSalle Brokerage, Inc., as its broker. Landlord shall pay the commission of each broker listed in this Section 32 pursuant to separate agreement(s). Landlord and Tenant shall each indemnify and hold harmless the other from any claim for brokerage or other commission arising from or out of any breach of the foregoing representation and warranty. Any representation or statement by a leasing company, broker, or any third party (or employee thereof) engaged by Landlord as an independent contractor which is made with regard to the Premises or the Building shall not be binding upon Landlord nor serve as a modification of this Lease, and Landlord shall have no liability therefor, except to the extent such representation is also contained herein or is approved in writing by Landlord.

33. CERTAIN RIGHTS RESERVED BY LANDLORD.

Landlord shall have the following rights, exercisable without notice and without liability to Tenant for damage or injury to property, person or business and without effecting an eviction, constructive or actual, or disturbance of Tenant's use or possession of the Premises or giving rise to any claim for set-off or abatement of rent: (A) to change the Building's name or street address; (B) to install, affix, maintain and remove any and all signs on the exterior or interior of the

Building; (C) to reasonably designate and/or approve or disapprove, prior to installation, all window shades, blinds, awnings, window ventilators and other similar equipment, and to reasonably approve or disapprove all internal lighting that may be visible from the exterior of the Building; (D) to decorate or to make repairs, alterations, additions or improvements, whether structural or otherwise, in and about the Building or the Land or any part thereof, and for such purposes to enter the Premises, and, during the continuance of any such work, to temporarily close doors, entry ways, common or public spaces and corridors in the Building, parking and access roads, and to interrupt or temporarily suspend Building services and facilities, all without affecting any of Tenant's obligations hereunder, so long as the Premises are reasonably accessible; (E) to retain control over all common areas; and (F) to install security cameras and devices and other security technology (whether developed prior to or after the Effective Date). Landlord shall exercise the rights described in this Section 33 in a manner consistent with the Building Standard and shall use commercially reasonable efforts not to unreasonably interfere with Tenant's business operations. Notwithstanding the foregoing, if Landlord's exercise of any of the rights in this Section 33 results in Tenant's inability to use all or any part of the Premises for its business operations, then the rent payable by Tenant hereunder shall abate, in whole or in part (based on the portion of the Premises so affected), during such interference.

34. NOTICES.

No notice, request, consent, approval, waiver or other communication which may be or is required or permitted to be given under this Lease shall be effective unless the same is in writing and is delivered in person, by nationally recognized overnight courier, addressed as follows: if to Landlord: BOF II MD 77 Upper Rock LLC, c/o Bridge Investment Group, Five Concourse Parkway, Suite 3100, Atlanta, GA 30328, Attn: Asset Management; with a copy to: Bridge Investment Group, Five Concourse Parkway, Suite 3100, Atlanta, GA 30328, Attn: **[redacted]**; and if to Tenant: Aurinia Pharma U.S., Inc., at the Premises, Attn: Executive Vice President, Internal Operations & Strategy; with a copy to: Arent Fox LLP, 1717 K Street, NW, Washington, DC 20006 Attn: **[redacted]**. Either party may change such address only by notice in accordance with this Section 34. Such notices and other communications shall be deemed to have been given at the time of delivery or attempted delivery during normal business hours. All payments of rent required to be made by the terms of this Lease and any other payments that may become due from Tenant to Landlord hereunder shall be made to Landlord at the address specified in this Section 34, or to such other person or at such other address as Landlord may, from time to time, designate in a notice to Tenant. Any payments of rents other than in cash shall not be considered rendered until honored as cash by Landlord's banker. Each party may modify the address of email notices to such party upon notice to the other party in accordance with this Section 34.

35. MODIFICATIONS.

If any Mortgagee requires that modifications to this Lease be obtained, and provided that such modifications: (i) do not adversely affect Tenant's use of the Premises as herein permitted, (ii) do not increase the rent and other sums required to be paid by Tenant hereunder, (iii) do not increase any of Tenant's obligations hereunder (other than in a *de minimis* manner), and (iv) do not reduce any of Tenant's rights hereunder (other than in a *de minimis* manner), Landlord shall

submit such required modifications to Tenant, and Tenant shall negotiate such modification in good faith.

36. SECURITY DEPOSIT.

A security deposit in the amount of [redacted] (the "Security Deposit") shall be delivered to Landlord no later than two (2) business days after the execution and delivery of this Lease by Tenant and Landlord. The Security Deposit shall be held by Landlord as security for the performance of Tenant's obligations under this Lease. The Security Deposit is not an advance rental deposit or a measure of Landlord's damages in case of Tenant's default. Upon each occurrence of a Default, Landlord may use all or part of the Security Deposit to pay delinquent payments due under this Lease, and the cost of any damage, injury, expense or liability caused by such Default, without prejudice to any other remedy provided herein or provided by law. In the event Landlord applies any part of the Security Deposit as provided for hereinabove, Tenant shall pay Landlord on demand the amount that will restore the Security Deposit to its original amount, and Tenant's failure to do so shall be a Default. Landlord's obligation respecting the Security Deposit is that of a debtor, not a trustee; no interest shall accrue thereon. The Security Deposit shall be paid to Tenant when Tenant's obligations under this Lease have been completely fulfilled. Landlord shall be released from any obligation with respect to the Security Deposit upon transfer of this Lease and the Premises to a person or entity assuming Landlord's obligations under this Section 36. Tenant agrees that it will not assign or encumber or attempt to assign or encumber the monies deposited with Landlord as the Security Deposit and that Landlord and its successors and assigns shall not be bound by any such actual or attempted assignment or encumbrance. The unused portion of the Security Deposit will be returned to Tenant within [redacted] after the expiration of the Term (or earlier termination of this Lease), or otherwise in compliance with applicable Laws, provided that Tenant has fully and timely performed its obligations under this Lease.

37. HAZARDOUS MATERIALS.

A. As used in this Section 37, "Hazardous Materials" means: (i) any substance designated pursuant to Section 311(b)(2)(A) of the Federal Water Pollution Control Act; (ii) any element, compound, mixture, solution or substance designated pursuant to Section 102 of the Comprehensive Environmental Response, Compensation and Liability Act; (iii) any hazardous waste having the characteristics identified under or listed pursuant to Section 3001 of the Solid Waste Disposal Act; (iv) any toxic pollutant listed under Section 307(a) of the Federal Water Pollution Control Act; (v) any hazardous air pollutant listed under Section 112 of the Clean Air Act; (vi) any imminently hazardous chemical substance or mixture with respect to which the Administrator of the United States Environmental Protection Agency has taken action pursuant to Section 7 of the Toxic Substances Control Act; (vii) any substance, waste or other material considered hazardous, dangerous or toxic under any state or local or any other federal laws, codes, ordinances or regulations; and (viii) any petroleum and petroleum product, including crude oil or any fraction thereof, which is not specifically listed or designated as a Hazardous Materials under Subsections (i) through (vii) of this Section 37, as well as natural gas, natural gas

liquids, liquefied natural gas and synthetic gas usable for fuel and mixtures of natural gas and such synthetic gas.

B. As used in this Section 37, the term "release" means any intentional or unintentional spilling, leaking, pumping, emitting, emptying, discharging, escaping, leaching, dumping or disposing of any Hazardous Materials. As used in this Section 37, the term "Environmental Laws" shall mean and refer to the entirety of the federal acts, portions of which are referenced in Subparagraphs (i) through (vi) of Section 37.A. and all other federal and all state and local laws, ordinances, orders, regulations and directives relating to or in any way concerning the environment, now or at any time hereafter enacted, and as may be amended from time to time.

Tenant hereby covenants and agrees that Tenant shall: (i) not generate, use, store or release (or allow the generation, use, storage or release of) any Hazardous Materials in or about the Premises or other portions of the Building in violation of any Environmental Laws; provided, however, that Tenant's use and storage of ordinary office equipment, ordinary office supplies and ordinary cleaning supplies necessary to Tenant's occupancy of the Premises shall be permitted as long as the foregoing is in compliance with this Lease and all Environmental Laws, and provided further that Tenant shall give prompt written notice to Landlord of any violation of any applicable Environmental Laws by Tenant, its subtenants, assigns or Tenant Invitees whether or not a citation or notice of violation has been issued by any applicable governmental authority, and provided further that Tenant shall take all steps necessary at its sole cost and expense in accordance with all applicable Environmental Laws to remedy any such violation and shall give prompt written notice to Landlord of such steps which Tenant plans to take and those which Tenant does take; (ii) at its own expense, promptly take all steps necessary to contain and/or otherwise remedy as Landlord reasonably may direct any release of Hazardous Materials on or about the Premises, other portions of the Building and/or the environment at or from the Premises and/or at or from the Building and any resultant damage to property, persons and/or the environment, resulting from Tenant's violation of any provision of this Section 37, but without granting hereby any rights to Tenant not otherwise specifically granted to Tenant under this Section 37; (iii) upon expiration or earlier termination of the Term, render to Landlord the Premises and any other areas that may have been adversely affected by a release (at or about the Premises) of Hazardous Materials in clean condition and free from the presence and contamination of any Hazardous Materials; and reimburse Landlord in full for any cost incurred by Landlord in connection with environmental audits or inspections, which Landlord shall have the right to conduct by itself or by its duly authorized agents, employees and/or contractors at or about the time of the expiration or earlier termination of the Term or from time to time during the Term; or (iv) to the extent permissible by applicable Environmental Laws, Tenant shall accept full responsibility for and protect, defend, indemnify and save harmless Landlord, Landlord Parties, Landlord Invitees and any Mortgagees from and against any and all claims, actions, suits, losses, damages, liability and expenses of any character including costs of investigation and remediation, consequential damages, loss of rent with respect to the Premises or with respect to any other portion of the Building, fines or penalties, and legal fees in connection with but not limited to: loss of life, personal or bodily injury, disease, sickness, mental distress and/or damage to any property including or resulting during or subsequent to the Term from or out of

any conduct, activity, act, omission or operation involving the use, handling, generation, treatment, storage, disposal, management or release of any Hazardous Materials in or from the Premises, to the extent same is not caused by Landlord.

Nothing contained in this Section 37 shall be deemed to modify or affect Landlord's obligations under Section 3 above.

38. LIMITATION ON LANDLORD LIABILITY.

Notwithstanding any provision to the contrary contained herein, the liability of Landlord (and of any successor Landlord) arising out of or in any way connected with this Lease, the Premises, the Building or the Land, the relationship of Landlord and Tenant, or Tenant's use or occupancy of the Premises, or any claim of injury or damage shall be limited to the lesser of (a) the interest of Landlord in the Building (including insurance proceeds), or (b) the equity interest Landlord would have in the Building if the Building (including insurance proceeds) were encumbered by third party debt in an amount equal to **[redacted]** of the value of the Building (calculations of equity shall be made as of the initial date Tenant notifies Landlord of the actual or alleged default or other claim), and Tenant shall look solely to the estate and property of Landlord in and to the Building in connection therewith. No properties or assets of Landlord other than the estate and property of Landlord in and to the Building and no property owned by any Landlord Party shall be subject to levy, execution or other enforcement procedures for the satisfaction of any judgment (or other judicial process) or for the satisfaction of any other remedy of Tenant, nor shall any Landlord Party have any personal liability hereunder.

39. NEW PROVIDER INSTALLATIONS.

Tenant and its telecommunications companies, including local exchange telecommunications companies and alternative access vendor services companies, shall have the right of access to and within the Building, for the installation and operation of telecommunications systems, including voice, video, data, Internet, a satellite dish, and any other services provided over wire, fiber optic, microwave, wireless, and any other transmission systems ("Telecommunications Services"), for part or all of Tenant's telecommunications within the Building and from the Building to any other location upon receipt of Landlord's prior written consent, which shall not be unreasonably withheld, conditioned or delayed. All providers of Telecommunications Services shall be required to comply with the rules and regulations of the Building, applicable Laws and Landlord's policies and practices for the Building. Tenant acknowledges that Landlord shall not be required to provide or arrange for any Telecommunications Services and that Landlord shall have no liability to Tenant or to any assignees claiming by, through, or under Tenant, any subtenants claiming by, through, or under Tenant, and any of their respective agents, contractors, employees, and invitees, in connection with the installation, operation or maintenance of Telecommunications Services or any equipment or facilities relating thereto. Tenant, at its cost and for its own account, shall be solely responsible for obtaining all Telecommunications Services. Any installation of a satellite dish at the Building shall (in addition to the terms herein) be subject to Landlord's rules and agreements for installation and use of satellites and related equipment (which rules and agreements are hereby incorporated into this Lease by this reference) and provided that the same does not

interfere with any existing, similar equipment maintained on such roof or in such Building, Tenant shall have the right, at its sole cost and expense, to place upon the roof of the Building one standard-size telecommunication dish as reasonably necessary for the operations of Tenant. Any related telecommunications equipment (together with such telecommunications dish, the "Satellite Equipment") that is not required to be located on the roof shall be placed within the Premises. Prior to any such installation, the specifications and location of such Satellite Equipment (and any other equipment related to Telecommunications Services) shall be subject to Landlord's reasonable prior express written approval. Landlord may establish reasonable rules relating to the positioning of such Satellite Equipment on the roof or other locations at or near the Building, as well as the manner of installation and removal thereof so as to not interfere with the structural integrity of the roof or the rights of other Building tenants whose satellite equipment was installed prior to the installation of Tenant's Satellite Equipment (provided that Tenant's Satellite Equipment is only for receiving ordinary television signals and not any other type of transmission). Tenant shall be responsible to insure that the installation, maintenance and removal and operation of such Satellite Equipment (a) complies with this Lease and all Laws, rules and regulations applicable thereto, and (b) will not interfere with or adversely affect the operation of any other tenant, including any electrical or mechanical equipment thereof, located within the Building, and Tenant agrees, at its sole cost and expense, to repair any damage to the Building associated with the installation, maintenance or removal of the Satellite Equipment (and any other equipment related to Telecommunications Services). Tenant will be responsible for any damage to the Building and/or personal injury arising from Tenant's or Tenant's agents' acts or omissions. Other than the foregoing, there shall be no additional Lease costs associated with such rooftop rights during the Term of this Lease, including any Option Terms (as defined in Exhibit D). All other provisions of the Lease shall apply to the Satellite Equipment. Notwithstanding the foregoing, in the event the Satellite Equipment (and any other equipment related to Telecommunications Services) is not removed by Tenant upon the expiration of this Lease, then Landlord, at Landlord's option, shall (i) become the rightful owner of the Satellite Equipment (and any other equipment related to Telecommunications Services) and Tenant will execute necessary documentation to evidence the conveyance of the Satellite Equipment to Landlord, or (ii) Landlord shall be entitled to remove and dispose of the Satellite Equipment at Tenant's sole cost and expense.

40. SIGNAGE.

Landlord shall provide Tenant with Building standard suite entry signage and signage on the Building's monument sign, at Landlord's reasonable expense. Additionally, Landlord, at its expense, shall display Tenant's name on the Building directory in the size and style of lettering used by Landlord. Tenant requested changes to the directory during the Term shall be at Tenant's expense. Subject to availability, if Tenant leases at least **[redacted]** full floors in the Building, Tenant shall have the right, at its sole cost and expense, to maintain a sign on the Building's exterior façade, the size and specifications of which shall be subject to Landlord's reasonable prior written approval and all other applicable Laws.

41. PARKING.

During the Term, including any Option Terms, Landlord will make available to Tenant, at no additional charge, parking for (i) not more than **[redacted]** automobile parking spaces (on a nonexclusive non-reserved basis) in the garage ("Garage") serving the Building for each **[redacted]** rentable square feet in the Premises, and (ii) **[redacted]** reserved parking spaces ("Reserved Spaces"). The Reserved Spaces shall be located immediately adjacent to the nearest available entrance to the Building in the Garage (in the area shown on Exhibit H attached hereto), and shall be evidenced by marking with a painted marker. Landlord will pay the cost of painting the reserved markings with the designation, "Tenant Reserved." In connection therewith, Landlord may provide Tenant with parking permits, badges, or some other means of identifying Tenant's employees or guests that are permitted to park in the Garage pursuant to this Lease (hereinafter, a "Permit"), which Permits shall be subject to Landlord's parking rules and regulations, which may be issued, amended and modified by Landlord from time to time. In addition to the parking rights described above, subject to availability, and with Landlord's prior written approval, exercised in good faith, Tenant's employees shall have the right to use additional parking space in the Garage at no additional charge. The use of all parking areas in the Garage shall be subject to all rules and regulations reasonably adopted by Landlord or the parking garage operator from time to time. It is understood and agreed that the Landlord does not assume any responsibility for, and hereby disclaims all liability for, and shall not be held liable for, any damage or loss to any automobiles parked in the Garage or for any personal property located therein, or for any injury sustained by any person in or about the Garage.

42. BANKRUPTCY

In the event Tenant shall become a debtor under Chapter 7 of the Bankruptcy Code, or a petition for reorganization or adjustment of debts is filed concerning Tenant under Chapter 11 or Chapter 13 of the Bankruptcy Code, or a proceeding is filed under Chapter 7 and is converted to Chapter 11 or Chapter 13, the duly appointed Trustee or Tenant may not assume or assign this Lease unless at the time of the requested assumption or assignment the Trustee or Tenant, as the case may be, promptly (1) cures all defaults under this Lease and pays all monetary obligations required under the Lease, including without limitation all Monthly Base Rent and Additional Rent and any pro rata cost of services that may have been due prior to the date of assumption or assignment, (2) compensates Landlord for monetary damages incurred as a result of such defaults including Landlord's attorney fees and expenses as may be allowable under the Bankruptcy Code or applicable law, (3) provides "adequate assurance of future performance" on the part of Tenant as debtor in possession or of the assignee of Tenant, and (4) complies with all other requirements of the Bankruptcy Code. This Lease may be terminated in accordance with this Section if the foregoing criteria for assumption or assignment are not met. "Adequate assurance of future performance," as used in this Section, shall mean that all of the following minimum criteria must be met: (A) Tenant's (or assignee's, if applicable) gross receipts in the ordinary course of business during the thirty (30) day period immediately preceding the initiation of the case under the Bankruptcy Code must be greater than two (2) times the next monthly installment of Monthly Base Rent and Additional Rent; (B) both the average and median of Tenant's (or assignee's) monthly gross receipts in the ordinary course of business during the six

(6) month period immediately preceding the initiation of the case under the Bankruptcy Code must be greater than two (2) times the next monthly installment of Monthly Base Rent and Additional Rent; (C) Tenant or assignee must pay its estimated pro rata share of the cost of all services performed or provided by Landlord for the benefit of Tenant (whether directly or through agents or contractors) in advance of the performance or provision of such services; (D) Tenant or Trustee must agree that Tenant's or the assignee's business shall be conducted in a first-class manner, and that no liquidating sale, auction or other non-first-class business operation shall be conducted in the Premises; (E) Tenant or Trustee must agree that the use of the Premises as stated in this Lease shall remain unchanged and that no prohibited use shall be permitted; (F) Tenant or Trustee must agree that the assumption or assignment of this Lease shall not violate or affect the rights of other tenants in the Building; (G) Tenant or Trustee must pay to Landlord at the time the next monthly installment of Monthly Base Rent is due, in addition to such installment, an amount equal to the monthly installments of Monthly Base Rent and Additional Rent due for the next two (2) months thereafter, such amount to be held as a security deposit; and (H) all assurances of future performance specified in the Bankruptcy Code must be provided. In addition to the foregoing, Tenant or Trustee shall provide Landlord a minimum thirty (30) days prior written notice, unless a shorter period is agreed to in writing by the parties, of any proceeding relating to any assumption or assignment of this Lease.

43. MISCELLANEOUS PROVISIONS.

A. Benefit and Burden. Except as otherwise expressly set forth herein, the provisions of this Lease shall be binding upon, and shall inure to the benefit of, the parties hereto and each of their respective successors and assigns.

B. Governing Law. This Lease shall be construed and enforced in accordance with the laws of the State of Maryland without giving effect to the choice of law rules thereof. Tenant hereby consents to the jurisdiction of any court in the State of Maryland (whether a federal or Maryland state court) with respect to any legal action, proceeding or claim arising out of or in any way connected with this Lease, the Premises, the Building or the Land, the relationship of Landlord and Tenant hereunder, Tenant's use or occupancy of the Premises, or any claim of injury or damage. Tenant further waives any right, claim or power, under the doctrine of forum non conveniens or otherwise, to transfer any such action filed by Landlord to any other court.

C. No Partnership. Nothing contained in this Lease shall be deemed or construed to create a partnership or joint venture of or between Landlord and Tenant, or to create any other relationship between the parties other than that of landlord and tenant.

D. No Representations by Landlord. Neither Landlord nor any agent of Landlord has made any representations or promises with respect to the Premises or the Building except as herein expressly set forth, and no rights, privileges, easements or licenses are granted to Tenant except as herein expressly set forth herein. Without limiting any of Landlord's representation, warranties or covenants expressly contained in this Lease, Tenant has relied on Tenant's inspections and due diligence in entering into this Lease, and not on any representations or warranties of Landlord concerning the condition or suitability of the

Premises or the Building for any particular purpose. Tenant hereby waives any claims, based on frustration of purpose or otherwise, that the Building or the Premises, or any portion of either, is not suitable for the purposes of this Lease. Except as may otherwise be expressly provided in this Lease, the leasing of the Premises does not include in the right to use the roof, janitorial closets, parking areas or other non-common or non-public areas of the Building.

E. Attorneys' Fees. If either party should prevail in any litigation instituted by or against the other related to this Lease, the prevailing party, as determined by the court, shall receive from the non-prevailing party all costs and reasonable attorneys' fees (payable at standard hourly rates) incurred in such litigation, including costs on appeal, as determined by the court.

F. Deletion of Text. The deletion of any printed, typed or other portion of this Lease or any draft of this Lease shall not evidence an intention to contradict such deleted portion. Such deleted portion shall be deemed not to have been inserted in this Lease.

G. Pronouns. Feminine or neuter pronouns shall be substituted for those of the masculine form, and the plural shall be substituted for the singular number, in any place or places in this Lease in which the context may require such substitution or substitutions. For convenience Landlord and Tenant have each been referred to in neuter form in this Lease.

H. Captions. The captions used herein are for convenience of reference only and are not part of this Lease, and shall in no way be deemed to define, limit, describe, or modify the meaning of any provision of this Lease.

I. Meaning of Including. Whenever the word "including" is used herein, it shall be deemed to mean "including but not limited to."

J. Invalidity of Particular Provisions. If any term or provision of this Lease or the application thereof to any person or circumstance shall, to any extent, be invalid or unenforceable, the remaining terms and provisions of this Lease, or the application of such term or provision to persons or circumstances other than those as to which it is held invalid or unenforceable, shall not be affected thereby, and each term and provision of this Lease shall be valid and enforced to the fullest extent permitted by law.

K. Execution. This Lease may be executed in several counterparts, but all counterparts shall constitute one and the same legal document. Execution and delivery of this Lease by .pdf scan shall have the same effect as delivery of an original signed Lease.

L. Mortgagee. Tenant shall accept performance of any of Landlord's obligations hereunder by any Mortgagee. No Mortgagee not in possession of the Premises or the Building shall have any liability hereunder.

M. Certain Obligations to Survive. Tenant's obligation to pay Annual Base Rent, Additional Rent and any other sums of money due and payable to Landlord under the terms of this Lease shall survive the expiration or earlier termination of the Term.

N. Interest on Arrears. In every case where the Tenant shall fail to pay any installment of rent when due or shall pay an amount which is thereafter determined, estimated or found to be less than the amount properly due, and such failure continues for **[redacted]** after written notice from Landlord to Tenant, the Tenant shall pay interest, compounded monthly, at the Default Interest Rate on the unpaid amount or deficiency from the date such payment was due through the date paid.

O. Calendar Year. The term "Calendar Year" as used in this Lease shall mean a year commencing on the first day of January.

P. No Light or Air Easement. Any diminution or shutting off of light, air or view by any structure which is now or may hereafter be erected on lands adjacent to the Building shall in no way affect this Lease or impose any liability on Landlord. Noise, dust or vibration or other incidents to new construction of improvements on lands adjacent to the Building, whether or not owned by Landlord, shall in no way affect this Lease or impose any liability on Landlord. Tenant agrees that in such event, Tenant shall not be entitled to any action, claim or relief, including without limitation rent reduction or abatement, or termination of this Lease.

Q. Prohibited Persons and Transactions. Tenant represents and warrants to Landlord that: (i) Tenant is not, and shall not during the Term of this Lease become, a person or entity with whom Landlord is restricted from doing business under the Uniting and Strengthening America by Providing Appropriate Tools Required to Intercept and Obstruct Terrorism Act of 2001, H.R. 3162, Public Law 107-56 (commonly known as the "USA Patriot Act") and Executive Order Number 13224 on Terrorism Financing, effective September 24, 2001 and regulations promulgated pursuant thereto, including, without limitation, persons and entities named on the Office of Foreign Asset Control Specially Designated Nationals and Blocked Persons List (collectively, "Prohibited Persons"); and (ii) Tenant is not currently conducting any business or engaged in any transactions or dealings, or otherwise associated with, any Prohibited Persons in connection with the use or occupancy of the premises.

R. Consequential Damages. Notwithstanding any other provision of this Lease to the contrary, in no event shall Landlord be liable for punitive or consequential damages hereunder; and in no event shall Tenant be liable for punitive or consequential damages hereunder, except in the event of a holding over by Tenant

S. Confidentiality. Each of Landlord and Tenant, on behalf of itself and its respective agents and representatives, expressly recognizes that the economic terms of this Lease and any Assignment or Sublease hereunder are confidential, and that neither party, nor its agents or representatives may disclose any such economic terms, provided that nothing herein shall prohibit either party from disclosing the terms of this Lease or the terms of any Assignment or Sublease hereunder to the extent reasonably necessary to comply with any Laws, or any valid legal process or reporting requirement, or to the extent in connection with either party's respective bona fide business purposes, and in such events disclosure may be made to, among others, prospective and actual purchasers, investors, partners, lenders, assignees, subtenants, accountants, auditors, attorneys, brokers, and other consultants who agree to keep same confidential.

T. Unavoidable Delays. Except for Tenant's obligation to: (i) pay Rent (or any other charges/expenses due hereunder), (ii) maintain insurance, (iii) exercise its renewal option herein; and/or (iv) surrender the Premises to Landlord upon expiration or termination of this Lease, if either party is delayed in performing any of its obligations under this Lease due to Unavoidable Delays, then the time for performance of such obligation shall be excused for the period of such delay or extension and extended for a period equal to the period of such delay or prevention. "Unavoidable Delays" shall mean any delay, interruption or prevention due to strikes; labor disputes; shortages of material, labor or utility services; acts of God; governmental restrictions or inaction; enemy action; civil commotion; acts of terrorism; fire; floods; severe adverse weather; casualty; or other causes beyond the reasonable control of Landlord or Tenant, as the case may be.

U. Authority. Each Party represents and warrants that the person signing this Lease on such Party's behalf is duly authorized to sign on behalf of and to bind such Party and that this Lease is a duly authorized obligation of such Party.

V. Consents and Approvals. If Tenant seeks approval by or consent of Landlord and Landlord fails to give such consent or approval, Tenant shall not be entitled to any damages for any withholding or delay of such approval or consent by Landlord.

W. Time of the Essence. Time is of the essence with respect to the provisions of this Lease.

X. Qualified Rents. The parties intend that all payments made to Landlord under this Lease will qualify as rents from real property for purposes of Section 512(b)(3) of the Internal Revenue Code of 1986, as amended ("Qualified Rents"), if Landlord, in its sole discretion, advises Tenant that there is any risk that all or any part of payments made under this Lease will not qualify as Qualified Rents, Tenant agrees (i) to cooperate with Landlord to restructure in such manner as may be necessary to enable such payments to be treated as Qualified Rents, and (ii) to permit an assignment of this Lease, in each case provided such restructuring or assignment of this Lease will not have a material adverse economic impact on Tenant.

Y. Construction of Lease. The terms and provisions of this Lease represent the results of negotiations between Landlord and Tenant, each of which is a sophisticated party and each of which has been represented or been given the opportunity to be represented by counsel of its own choosing, and neither of which has acted under any duress or compulsion, whether legal, economic or otherwise. Consequently, the terms and provisions of this Lease shall be interpreted and construed in accordance with their usual and customary meanings, and Landlord and Tenant each waives the application of any rule of law that ambiguous or conflicting terms or provisions contained in this Lease are to be interpreted or construed against the landlord or the party who prepared the executed Lease or any earlier draft of the Lease. Landlord's submission of this Lease to Tenant for examination or signature by Tenant does not constitute a reservation of or an option to lease and is not effective as a lease or otherwise until Landlord and Tenant both execute and deliver this Lease.

Z . Entire Agreement. This Lease, and any exhibits and addenda attached hereto, contain and embody the entire agreement of the parties hereto, and no representations, inducements or agreements, oral or otherwise, between the parties not contained in this Lease or in the exhibits or addenda, if any, shall be of any force or effect. This Lease may not be modified, changed or terminated in whole or in part in any manner other than by an agreement in writing duly signed by the party to be charged therewith.

BB. Generator. Tenant shall, subject to the terms of this Lease (including Section 9), at its sole cost and expense, be permitted to install a back-up generator serving the Premises, and to utilize any and all existing conduit pathways for wire pulls, in a location to be mutually agreed upon by Landlord and Tenant, each acting in good faith. During the Lease Term, Tenant shall, at its sole cost and expense, maintain, repair, and replace such back-up generator, and Landlord shall have no liability therefor. At the expiration or earlier termination of this Lease, Tenant shall, at its sole cost and expense, remove the back-up generator (including any related equipment and concrete pads) and restore any and all damage to the Building, caused by the installation, use, maintenance, repair and removal thereof (to Landlord's reasonable satisfaction).

[SIGNATURE PAGE FOLLOWS]

IN WITNESS WHEREOF, Landlord and Tenant have executed this Lease as a deed under seal as of the day and year first written.

LANDLORD:

BOF II MD 77 UPPER ROCK LLC,
a Delaware limited liability company

By: BOF II JV 77 Upper Rock LLC,
a Delaware limited liability company
Its: Sole and Managing Member

By: Bridge Office Fund II GP LLC,
a Delaware limited liability company
Its: Managing Member

By: */s/ John R. Ward*_____
Name: John R. Ward
Its: Manager

TENANT:

AURINIA PHARMA U.S., INC.,
a Delaware corporation

By: */s/ Max Donley*_____
Title: EVP, Internal Operations & Strategy_____

EXHIBIT A

FLOOR PLAN OF PREMISES

[redacted]

EXHIBIT B

[Reserved]

EXHIBIT C

WORK LETTER

THIS WORK LETTER ("**Work Letter**") is entered into as of the Effective Date of the Lease by and between Landlord and Tenant.

RECITALS

A. Concurrently with the execution of this Work Letter, Landlord and Tenant have entered into the Lease ("**Lease**"). The completion of the improvements as provided herein is defined as the "**Tenant Work**". All terms not defined herein have the same meaning as set forth in the Lease.

B. In order to induce Tenant to enter into the Lease and in consideration of the mutual covenants in the Lease, and hereinafter contained, Landlord and Tenant agree as follows:

I. Construction Representatives:

Landlord appoints the following person(s) as Landlord's representative ("**Landlord's Representative**") to act for Landlord in all matters covered by this Work Letter:

[redacted]

Tenant appoints the following person(s) as Tenant's representative ("**Tenant Representative**") to act for Tenant in all matters covered by this Work Letter.

[redacted]

All communications with respect to the matters covered by this Work Letter are to be made to Landlord's Representative or Tenant's Representative, as the case may be, in writing, in compliance with the notice provisions of the Lease. Either party may change its representative under this Work Letter at any time by written notice to the other party in compliance with the notice provisions of the Lease.

II. Tenant Improvement Allowance:

Landlord agrees to provide to Tenant an allowance with respect to the Premises of up to a total of **[redacted]** (the "**Tenant Improvement Allowance**"), based on **[redacted]** per rentable square foot of the Premises. Tenant agrees that at least **[redacted]** of the Tenant Improvement Allowance may be applied toward the cost of all (i) design (e.g., architectural and engineering fees) and construction (including the cost of any permitted signage) (collectively, the "**Construction Costs**") and (ii) all construction management fees; and that no more than **[redacted]** of the Tenant Improvement Allowance may be applied toward (i) the cost to purchase and install furniture, fixtures and equipment, including Tenant's security system, (ii) the cost to

purchase and install Tenant's telecommunication cabling and equipment, (iii) so-called "soft costs" (including permitting fees), and (iv) upon written notice to Landlord, the next coming Base Rent due under the Lease. Any portion of the Tenant Improvement Allowance not used by Tenant in accordance with the terms of this Work Letter within **[redacted]** after the Effective Date of the Lease shall be deemed forfeited by Tenant. All of the Tenant Work paid for by Landlord shall be the property of Landlord and shall be depreciated by Landlord.

Tenant, with Landlord's approval, not to be unreasonably withheld, conditioned or delayed, shall engage a qualified general contractor to perform Tenant's leasehold improvements pursuant to a separate written agreement between Tenant and the general contractor, and Tenant shall promptly provide Landlord with a copy of such agreement. Such general contractor will perform the construction of the Premises on behalf of Tenant. Tenant shall cause its general contractor to meet with the Landlord's agent as Landlord reasonably deems necessary to inform the various parties of the design, to assure compliance with the terms of the Lease, to coordinate construction of the Premises, to participate in walk-throughs, punch lists, etc. or for any other reason reasonably deemed necessary by Landlord. Landlord will further have the right to enter the Premises during construction thereof at any time and from time to time to inspect the Tenant Work for compliance with the provisions hereof and the Tenant Construction Documents. Landlord will charge a **[redacted]** supervisory fee for construction administration/coordination (based on the hard construction costs payable to Tenant's general contractor), which shall be paid out of the Tenant Improvement Allowance. If Landlord engages a third party architect, engineer, or similar consultant to review Tenant's Tenant Construction Documents (as defined in Section VI hereof) (e.g., the Tenant Work affects base Building structure and/or systems, etc.), any cost incurred by Landlord shall be considered included in the supervisory fee and Tenant will not be responsible for these costs. Landlord shall have no obligation to manage the construction process and shall have no responsibility for any delays or cost overruns. With the exception of the **[redacted]** supervisory fee, there shall be no other fee or charge to Landlord in connection with the Tenant Work, including any fee or charge for utilities or for the use of the loading dock or freight elevator during construction or in connection with Tenant's move into the Building.

III. Test Fit:

Landlord hereby acknowledges it has received from Tenant a test-fit plan (the "**Test Fit**") for the Premises. Landlord hereby agrees to pay an allowance of up to **[redacted]** per rentable square foot of the Premises for the development of the Test Fit.

IV. Tenant Improvement Allowance Payment:

A. Prior to commencement of construction of Tenant's improvements to the Premises, Tenant shall furnish Landlord with an estimate of Tenant's total Construction Costs, as described in **Schedule C-1** attached hereto. Landlord shall pay Tenant (or at Tenant's option, Landlord shall pay directly Tenant's consultant(s), general contractor, subcontractors and/or other vendors) the Tenant Improvement Allowance, less retainage of **[redacted]** for interim invoices, based on submission of monthly invoices by Tenant to Landlord. Each invoice shall list Construction Costs and other permitted costs Tenant (or Landlord) has previously paid along

with copies of each invoice with interim and/or final lien waivers from each consultant, contractor, subcontractor or other vendor(s) in a form reasonably acceptable to Landlord. Landlord will pay Tenant (or at Tenant's option, Landlord shall pay directly Tenant's consultant(s), general contractor, subcontractors and/or other vendors) no later than **[redacted]** after each Tenant invoice is submitted in accordance with the terms of this paragraph. If the total Construction Costs are more than the Tenant Improvement Allowance, (a "**Shortfall**"), Tenant shall be responsible for all costs above and beyond the Tenant Improvement Allowance after the Tenant Improvement Allowance has been exhausted.

B. If Landlord fails to pay Tenant any portion of the Tenant Improvement Allowance when due under this Work Letter, and such failure continues for **[redacted]** or more consecutive **[redacted]** following Landlord's receipt of written notice from Tenant, Tenant shall have the right to offset the unpaid portion of the Tenant Improvement Allowance against the next coming Base Rent due under the Lease.

V. Schedule of Critical Dates:

The following is a schedule of certain dates relating to Landlord's and Tenant's respective obligations with respect to construction of the leasehold improvements for the Premises. These dates, the specific references (e.g. the "Tenant Construction Documents Delivery Date") and the respective obligations of Landlord and Tenant are more fully described in Section VI below. Because the Commencement Date will be no later than October 1, 2020, regardless of any delays by Tenant, Tenant's failure to meet one or more of the dates set forth below shall not give rise to any penalty against Tenant or otherwise affect either party's rights or obligations under this Lease. However, if Landlord fails to meet one or more of the dates set forth below, and such failure delays Tenant's completion of the Tenant Work, then the October 1, 2020 date set forth in Section 2.A of the Lease shall be moved back one day for each day of such delay.

All references to days in this Section V mean business days unless otherwise noted.

Reference	Responsible Party	Due Date
"**Tenant Program and Space Plan Delivery Date**"	Tenant	May 8, 2020
"**Tenant Space Plan Final Review Date**"	Landlord	Within 5 days after Tenant submits Tenant Program and Space Plan
"**Tenant Construction Documents Delivery Date**"	Tenant	May 8, 2020
"**Tenant Construction Documents Review Date**"	Landlord	Within 10 days after Tenant submits Construction Documents
"**Tenant Construction Documents Revision Date**"	Tenant	Within 5 days after Tenant receives Landlord's comments on Construction Documents

VI. Landlord and Tenant Pre-Construction Obligations:

A. Landlord hereby approves FORM Architects as the architect which Tenant intends to enter into a contract for (the "**Design Contract**") the Tenant Construction Documents (defined below). The architect and Tenant's MEP Engineer (GPI/Greenman-Pedersen, Inc.) shall each be registered and licensed to practice in the State of Maryland. Tenant shall provide Landlord with a copy of the executed Design Contract.

B. By no later than the Tenant Space Plan Delivery Date, Tenant shall deliver to Landlord the information described in Section VIII below regarding Tenant's desired leasehold improvements (such information being hereinafter called the "**Tenant Program**"), and Tenant shall cause its architect to submit to Landlord a space plan based on the Tenant Program (the "**Space Plan**"), which Space Plan will be used to prepare the Tenant Construction Documents (as defined below. Landlord shall review the Space Plan by no later than the Tenant Space Plan Final Review Date and shall have the right to approve the Space Plan, which approval shall not be unreasonably withheld.

C. Upon Landlord's approval of the Space Plan, Tenant will endeavor to cause its architect and engineer to prepare and deliver to Landlord no later than the Construction Documents Delivery Date a complete set of coordinated architectural, structural, mechanical, electrical and plumbing engineering construction drawings and specifications sufficient to obtain a building permit and competitive bids, including the information described in Section VII below (the "**Tenant Construction Documents**"). The Tenant Construction Documents shall be delivered in hard-copy, PDF and CAD/Revit (or similar software) format.

D. On or before the Tenant Construction Documents Review Date, Landlord will review the Construction Documents and shall notify Tenant, in writing, of its approval of the Tenant Construction Documents, or of any changes to the Tenant Construction Documents reasonably required by Landlord. As part of Landlord's review of the Tenant Construction Documents, Landlord's architect and engineer may review the Tenant Construction Documents to determine if Tenant's design negatively impacts on the base Building systems and such review is not intended to evaluate the accuracy or effectiveness of Tenant's design. As provided above, such reviews shall be at Landlord's sole cost and expense and shall be paid out of the one percent (1%) Landlord supervisory fee.

E. Any approval by Landlord of, or consent by Landlord to, any drawings, specifications or other items to be submitted to and/or reviewed by Landlord pursuant to the Lease will be strictly limited to an acknowledgment of approval or consent by Landlord thereto, and such approval or consent will not constitute the assumption by Landlord of any responsibility for the accuracy, sufficiency or feasibility of any plans, specifications or other items and will not imply any acknowledgement, representation or warranty by Landlord that the design is safe, feasible, structurally sound or will comply with any legal or governmental requirements, and Tenant will be responsible for all of the same. Furthermore, neither Landlord's approval of the Outside Contractor, nor Landlord's review of the Tenant Work, will impose upon Landlord any liability for defects in materials or workmanship in connection with the Tenant Work and Tenant will look solely to the Outside Contractor to correct or remedy any such defects.

F. Upon receipt of Landlord's comments to the Tenant Construction Documents, Tenant will cause its architect to revise the Tenant Construction Documents to incorporate Landlord's comments and shall resubmit the Tenant Construction Documents to Landlord prior to commencing with any construction. Notwithstanding the foregoing, compliance with codes and ordinances within the Premises shall be the responsibility of Tenant and Tenant's architect. Upon receipt of the Landlord's approval of the Tenant Construction Documents, Tenant will cause the Tenant Construction Documents to be submitted for the applicable building or construction permit at Tenant's sole cost and expense (subject to the application of the Tenant Improvement Allowance). Prior to the commencement of the Tenant Work, Landlord must be provided with copies of such permits.

G. The Tenant, architect, engineer, contractors and vendors shall comply with the requirements of the building rules and regulations.

H. On the Possession Date, Landlord shall deliver the Premises to Tenant for Tenant's construction of the Premises and for Tenant's vendors to install cabling, furniture, fixtures and equipment.

VII. Certain Provisions Relating to Construction:

A. Prior to construction commencement, Tenant shall obtain the prior written consent of Landlord as to the general contractor to be used by Tenant (the "**Outside Contractor**"), which

consent shall not be unreasonably withheld, conditioned or delayed. Landlord hereby approves **[redacted]** as Tenant's Outside Contractor. Tenant will be required to execute a contract (the "**Construction Contract**"), on a standard AIA Document or other form reasonably approved by Landlord, with the selected Outside Contractor for the construction of the Premises. Unless Landlord reasonably disapproves (with reasonably specificity) the Construction Contract within five (5) business days after a copy has been delivered to Landlord, the proposed Construction Contract shall be deemed approved by Landlord. The Construction Contract will in all events include (i) a copy of the Building construction rules and regulations set forth on **Schedule C-2** Attached hereto, and (ii) copies of the documents necessary for payment as described in this Work Letter. Tenant and Outside Contractor will certify to Landlord (by providing documentation thereof) the total cost of the Tenant Work contained in the Construction Contract. In the event the total cost of the Tenant Work contained in the Construction Contract exceeds the Tenant Improvement Allowance (the "**Excess**"), Tenant shall be solely liable for such Excess. The Construction Contract will provide, among other provisions, that the Tenant notify the Landlord in writing, and provide them with sufficient time to review and approve, of any material change in the Tenant Work after the Landlord Approval Date of the Tenant Construction Documents.

The Outside Contractor shall use or select Landlord approved subcontractors who may carry out work related to the following critical Building systems: (iii) fire alarm tie-in and programming, (iv) Building controls (v) roofing and (vi) keying, provided that the fees charged are competitive. Landlord shall have the right to reasonably approve major subcontractors, and if Landlord fails to disapprove (with reasonably specificity) any prospective subcontractor within **[redacted]** after notice, such subcontractor(s) shall be deemed approved by Landlord.

B. It shall be Tenant's responsibility to ensure that the Outside Contractor shall (i) conduct its work in such a manner so as not to unreasonably interfere with any other construction occurring on or in the Building or the Premises; (ii) comply with the rules and regulations relating to the construction activities on or in the Building, and such other reasonable rules and regulations, as may be promulgated from time to time by Landlord; and (iii) maintain such insurance as set forth in Section 19 of the Lease. Landlord retains the right to make periodic inspections to assure conformity with the rules and regulations and with the Tenant Construction Documents. The Outside Contractor shall perform no work which causes interference with the normal business operations of other tenants in the Building.

C. Tenant shall indemnify and hold harmless Landlord from and against any and all losses, damages, costs (including costs of suits and reasonable attorneys' fees), liabilities, or causes of action arising out of or relating to the work of the Outside Contractor, including, but not limited to mechanics', materialmen's or other liens or claims (and all costs or expenses associated therewith) asserted, filed or arising out of any such work, unless and to the extent caused by the negligence or willful misconduct of Landlord, its agents, contractors or employees. All materialmen, contractors, artisans, mechanics, laborers and other parties hereafter contracting with Tenant for the furnishing of any labor, services, materials, supplies or equipment with respect to any portion of the Premises are hereby charged with notice that they must look solely to Tenant for payment for same. Without limiting the generality of the foregoing, Tenant shall

repair or cause to be repaired at its expense all damage caused by the Outside Contractor, its subcontractors or their employees. Any costs incurred by Landlord to repair any damage caused by the Outside Contractor or any costs incurred by Landlord in requiring the Outside Contractor's compliance with the rules and regulations in Paragraph 2(ii) above will become the obligation of Tenant under this Lease.

D. Unless Landlord otherwise agrees, the Outside Contractor shall not have access to the Premises, or be allowed to commence work therein, until Landlord releases and Tenant and Tenant's Outside Contractor accept the Premises pursuant to this Lease. Landlord and Tenant will cooperate in good faith to document any deficiencies or incomplete items relative to the Premises so as not to cause any delay in work of the Outside Contractor. Landlord will provide, at Tenant expense and at Tenant's written request, any after-hours HVAC or building personnel (i.e. security) requested by the Outside Contractor or required by the building rules and regulations at the Landlord's then standard rates. For purposes of this paragraph, "after hours" means after 6:00 p.m. (Monday – Friday) or after 2:00 (Saturday) or on Sundays or holidays when the Building is closed.

E. The Tenant Work shall be deemed to be "**Substantially Completed**" upon the later of: (i) issuance of a temporary certificate of occupancy or certificate of occupancy or other documentation allowing Tenant to occupy the Premises for the permitted use issued by the appropriate governmental authority or (ii) the date upon which the Tenant Work is fully completed (but not including completion of minor final "punch list" items).

F. [Intentionally Omitted]

G. The failure of Tenant to comply with the requirements of this Section VII, which continues after the applicable notice and cure period in the Lease, shall constitute a default by Tenant under this Lease.

H. Upon completion of the Tenant Work, Tenant shall furnish, or cause Tenant's Outside Contractor to furnish, all close-out documentation, as described in **Schedule C-3** attached hereto, and as-built drawings, in form and substance acceptable to Landlord, for the benefit of Landlord and Tenant, certifying to the compliance of the work constructed by the Tenant's Outside Contractor with the Construction Documents.

VIII. Information Required on Tenant Drawings and Specifications:

A. MINIMUM INFORMATION REQUIRED OF THE SPACE PLAN:

The Space Plan shall provide architectural floor plans of the Premises. The Space Plan will be labeled, titled and dated and will be drawn at scale. The following information will be provided in the Space Plan:

1. Architectural Information:

Floor, room and area identification
Dimensions of rooms and areas
Partition locations
Location and swing of all doors
Millwork and cabinetry locations
Furniture locations

2. Structural Information:

Location and approximate weight of all heavy equipment
Any design elements which may modify the base Building structural, architectural, mechanical, electrical or plumbing systems will be identified at this time for Landlords review.

B. MINIMUM INFORMATION REQUIRED OF TENANT CONSTRUCTION DOCUMENTS:

The completed Tenant Construction Documents will include Architectural, Structural, Mechanical, Electrical, Plumbing, Fire Protection and Fire Alarm sheets (only if required by the Authority Having Jurisdiction), including specifications, details and elevations necessary to fully describe the leasehold improvements. The Tenant Construction Documents will be prepared, sealed and stamped by a registered architect and structural, mechanical, electrical and plumbing engineer in the State of Maryland.

Tenant architect must furnish Landlord with a complete set of drawings in hard-copy, PDF and CAD/Revit/SketchUp (or similar software) format. Tenant architect will include all information on the plan sheets so that users do not have to refer to separate specification booklets to obtain information. At a minimum, the Tenant Construction Documents will include the following information drawn at scale:

1. Floor Plan with the location and type of all partitions.

2. Location and type of all doors with hardware and keying information.

3. Location and type of glass partitions, windows and framing.

4. Location of server/telecom room (note HVAC and electrical requirements).

5. Critical dimensions necessary for construction.

6. Location of all electrical items (outlets, switches, etc.).

7. Reflected ceiling plan showing location and switching of all lighting, exit signs, emergency lighting and life safety devices.

8. Location and type of all other electrical items, including security and data/voice communication work.

9. Location and type of equipment that will require special electrical requirements (i.e., dedicated circuits, data, GFI, etc.). Provide manufacturers specifications for use and operation.

10. Electrical panel schedule with total rated electrical design load calculation in watts.

11. Location, weight per square foot and description of any exceptionally heavy equipment or filing system exceeding 50 pounds per square foot live load.

12. Requirement for any special air conditioning, ventilation or exhaust.

13. Reflected ceiling plan showing location of all HVAC equipment.

14. Mechanical equipment schedule indicating sizes, specifications and characteristics of all equipment.

15. [Intentionally Omitted].

16. Location, type and color of floor covering.

17. Location, type and color of wall finishes.

18. Location, type and color of all other finishes.

19. Location and type of plumbing (including all fixtures).

20. Location and type of break room equipment and millwork.

21. All millwork and built-in equipment fully dimensioned.

22. Corridor doors and frames and all work required in the corridor.

23. Bracing or support of special walls, glass partitions, etc.

24. All connections to or modifications of the base Building structural, mechanical, electrical, plumbing, fire protection and fire alarm systems.

25. All new mechanical, electrical and plumbing metering devices or systems.

SCHEDULE C-1

ESTIMATE OF TENANT'S TOTAL CONSTRUCTION COSTS

[redacted]

SCHEDULE C-2

BUILDING CONSTRUCTION RULES AND REGULATIONS

Owner hereby sets forth the following rules and regulations governing the Work to be done by the Contractor, its employees and any and all subcontractors employed by the Contractor, and the Contractor hereby agrees to comply with these rules and regulations and any changes thereto which may reasonably be made by Owner. Contractor further agrees to see to it that any and all subcontractors employed by the Contractor comply with the same. These Owner rules and regulations are in addition to the Contractor's rules and regulations which they are to prepare, present, keep current and follow at all times.

1. Permits and Codes

   All licenses necessary for the prosecution of the Work shall be secured and paid for by the Contractor prior to commencement of the Work. Contractor shall comply with all applicable codes, laws, and regulation pertaining to their respective work including safety and health regulations. Contractor shall maintain a safe workplace (free from trip hazards, etc.) at all times.

2. Work Area

   Before commencing any of the Work, the Contractor shall erect construction barriers acceptable to Owner between the area where the Work is being conducted (the "Work Area") and any public areas at and around the building in which the Work is constructed ("Project Site"). The Contractor will keep the Work Area closed from public view until completion and occupancy by Tenant. The Contractor shall perform all construction activities and all storage of materials inside the Work Area. No tools, equipment, materials or supplies are permitted to be stored outside of the Work Area.

3. Keys and Locks

   The Owner will provide the Contractor with one key to the tenant's space and one access card to the Building. Both shall be returned prior to final payment or as required per the Building's Rules and Regulations. A fee may be charged for lost keys or access cards. The Contractor shall provide Owner with keys (including Control Keys required to remove and re-key cores) to all locks installed on or in the Work Area. Owner shall be provided access to the Work Area at all times. Near the Contractor's completion of the work and/or tenant occupancy, Owner will re-key all "construction" keyed locks to work on the building master key system. The Contractor is responsible for securing the Work Area and all Building rooms when not in use. Any Building rooms found unsecured and unoccupied may result in a fine or the Contractor being removed from the Project.

4. Common Areas

The Contractor shall carefully protect all existing property and improvements, including walls, ceilings, floors, and finishes applied to such walls, floors, ceilings, and furniture / fixtures, along the entire pathway for its deliveries of materials and movement of workers or equipment. The Contractor shall repair (at its sole cost) or pay for repair or replacement of any damage to existing property and improvements caused by Contractor or its agents or subcontractors. The Contractor will not perform any construction activities or store any materials outside the Work Area. Alterations to multi-tenant corridors and public areas (e.g., door cut-in) shall either be complete within the first week of construction or a visual barrier (approved by Owner) shall be erected at Contractor's expense. No modifications of the Owner's premises (common areas), including cutting / patching, shall be permitted without the prior written consent of the Owner.

5. Service Elevator

The Contractor shall have reasonable access to use of the service elevator, however any request for exclusive use of the service elevator shall be scheduled by the Contractor with the Owner. Typically, all major material, equipment, gang box, and tool stocking and removal is required to be performed on off-hours at no additional cost to the Owner. Only tools/materials carried by hand, in buckets, or on work-belts may be transported during normal working hours.

Any work or hauling of materials or trash shall be conducted so as to leave the public corridors and elevator lobbies unobstructed at all times. At no time may the Contractor or its subcontractors block the service elevator open. In the event that Contractor or its subcontractors causes any damage to the service elevator or lobbies, the Contractor will bear the total cost of all repairs.

The service elevator will be provided to the Contractor free of charge during off-hours. The Contractor is not allowed on any of the passenger elevators serving the Building at any time. The Contractor is to familiarize itself with the accessibility, space limitations and loading restrictions of the service elevator prior to use. Contractor will be responsible for any extra costs incurred by the Owner resulting from or in connection with the improper use of the service elevator by Contractor (or its employees or subcontractors).

6. Water and Electricity During Construction

Sources of water and electricity (in reasonable quantities for lighting, portable power tools, drinking water, water for testing, and other such common uses during construction) will be made available to the Contractor by the Owner without cost to the Contractor. The Contractor shall make all connections or furnish any necessary extensions to or from such sources and shall be responsible for promptly removing the same upon completion of the Work. Exposed piping, hoses, or extension cords may not be run through common areas. The tenant's sink, not the restrooms, should be used for obtaining water.

The Contractor acknowledges that sources of water and electricity may be interrupted by the Owner from time to time. The Owner will coordinate all such interruptions with the Contractor however, the Owner will not be responsible for any disruptions to the Work as a result thereof.

7. Sanitary Facilities

Sanitary facilities will be furnished to the Contractor by Owner. The Contractor shall use only those facilities specifically provided or designated by the Owner. All costs associated with clean-up or damage of any kind shall be the responsibility of the Contractor.

8. Dusty Work

The Contractor shall notify Owner prior to the commencement of any extremely dusty work (e.g., sheetrock cutting, sanding, extensive brooming, etc.) such that Contractor may arrange for additional filtering capacity on the affected HVAC equipment. If possible, Contractor shall place the Work Area in negative pressure. Failure to make such prior notification will result in the Contractor absorbing any costs associated with returning any HVAC equipment and any other existing improvements damaged by dust to their original condition.

The Contractor is responsible for protecting the Building HVAC system in the Work Area. The Contractor shall provide temporary replaceable media type construction filters on units in accordance with the Owner's Standards. All filters shall be inspected by the Contractor on a regular basis and replaced as required to maintain the equipment in clean and "like-new" condition through the Work. Upon completion of the Work, the Contractor will be responsible for removing all temporary filters and installing all new filters per the Owner's standards. If the Contractor neglects to remove the temporary filters or install the permanent filters, the Owner reserves the right to replace these filters and back charge the Contractor for all associated costs.

9. Disposition of Materials

Any and all unused construction materials shall be disposed of by the Contractor in the same manner as waste or unwanted material, except as may otherwise be directed by Owner or required by authorities having jurisdiction. No dumping of any construction materials (including paint, taping mud, grout, floating compounds, etc.) is allowed in building facilities or on the premises. The Contractor shall provide its own dumpster(s) in a location designated by the Owner. If it is determined by the Owner that the trash is not being disposed of promptly or properly, the Owner may cause such trash to be removed at the Contractors expense.

10. Clean-up

The Contractor shall at all times, on a day-to-day basis, keep the Work Area, common areas, service elevator and other areas of the Project Site free from accumulations of

waste material, debris or rubbish caused by or incidental to the Work. Use of the Buildings' trash receptacles is prohibited.

The Contractor will provide "walk-off mats" at the entrance to the Work Area and will keep such mats clean to prevent tracking of debris into the common areas or other areas of the Project Site. The Contractor shall sweep the floor daily. A floor sweeping compound shall be used to keep dust to a minimum.

Upon completion of the Work, the Contractor shall promptly remove from the Work Area all tools, scaffolding, surplus materials, trash, and debris, and shall "final clean" the Work Area and any areas of the Project Site dirtied during construction. Any debris, rubbish, materials, or equipment left outside the Work Area may be disposed of by Owner and the Contractor shall be responsible for promptly reimbursing Owner for the cost thereof.

11. Working Hours

Certain operations must be performed outside the normal working hours (7am to 6pm, Monday through Friday) to prevent the disturbance or interruption of normal business operations. These operations include, but are not limited to:

A. Drilling or cutting of any concrete structural member (specifically slabs).

B. Sanding, chiseling, or leveling of the concrete structure.

C. Any work which generates noise or vibration which may be disruptive to normal office procedures elsewhere in the Project Site.

D. Any work that creates an odor that is disruptive to Owner and/or its tenants.

E. Material / Equipment stocking (see Deliveries).

F. Life Safety System testing.

G. Any other work that is disruptive to Owner and/or its tenants.

The Owner reserves the right to stop all Work at any time if noise or odors generated from such Work disturbs the tenants.

The Contractor is responsible for exhausting the Work Area. It may be necessary to exhaust via the Building's general exhaust system. The Contractor is to coordinate this work with the Owner. Any cost associated with running the Building's HVAC system after hours is the Contractors responsibility.

12. Workman Conduct

No loud or abusive language or actions or the playing of music will be tolerated. It will be the responsibility of the Contractor to enforce this regulation on a day-to-day basis and/or in response to specific complaints from tenants or Owner. Contractor shall not engage in any labor practice that may delay or otherwise impact the work of any other Contractor of the Building.

No smoking is permitted in the Building at any time. Contractors caught smoking in the Building will be removed from the premises.

Contractors are not permitted to enter any areas of the Building other than those areas designated by the Owner. Contractors found in non-approved areas may be subject to removal from the premises and the Project.

13. Electrical Panel Changes

All additional electrical circuits added to existing electrical panels or any new circuits added to new electrical panels will be appropriately marked as to the area and/or equipment serviced by the circuit(s) in question. All electrical panels which have covers removed for any reason (e.g., so as to allow the addition of new circuits) or any new electrical panels that are installed shall be left at the end of each day with all panel covers properly in place and all panel doors securely closed. Under no circumstances will power serving other tenants' premises or other areas of the Project Site be shut off without the specific advance written approval of Owner.

14. Special Elevator Services

Any work or repair that necessitates or involves utilizing the elevator to perform work (including work on/in the elevator) must be scheduled in advance with Owner.

Sufficient notice regarding such proposed activities should be given so as to allow Owner to arrange with the elevator service contractor to provide personnel to perform or supervise such activities.

Under no circumstances should the Contractor permit their personnel to utilize the elevator for any purpose other than the approved transport of materials and/or personnel. Contractor will be responsible for any extra costs incurred by the Owner resulting from or in connection with such use of the elevators by the Contractor (or its employees or subcontractors).

15. Welding/Cutting Torch Use

No welding, burning or cutting torch work is to be performed at the Project Site without the prior approval of Owner. If such approval is granted by Owner, the Contractor must have a firewatch, fire blankets, and a fire extinguisher present in the Work Area at all times when the equipment is being used. Additionally, the Contractor may, at Owner's request, be required to perform any such work after-hours because of the fumes which may be associated with such welding/cutting torch usage.

16. Spraying of Varnishes/Lacquer in the Project Site

No varnishes/lacquers or similar products are to be sprayed in the Project Site without the prior approval of the Owner. Because of their potential combustible nature, this type of work should normally be done off-site. Anyone found spraying these compounds in or around the Project Site without the prior written approval of the Owner will be required to cease such work.

17. Draining of Sprinkler Lines

Any Work that will involve the draining of a sprinkler line or otherwise affect the Project Site's sprinkler system must be approved in writing in advance by Owner and must be performed after hours, unless fire watch is provided by Contractor, at no cost or expense to Owner, upon Owner's prior written approval. In all instances where this is done, it is the Contractor's responsibility to ensure that the system is fully operational when the sprinkler contractor is not present and specifically working on the system.

18. Deliveries

All deliveries and/or pick-ups by the Contractor or its vendors must be made through the designated loading areas. All delivery vehicles are governed by a 20 minute parking limitation during normal working hours. All deliveries must be coordinated with the Owner so as to not cause any delays or impede on the progress of others. Matters of the Building will take precedence over Contractor matters in the event of scheduling or other potential conflicts.

19. Parking

On-site parking may be available to the Contractor and its subcontractors. Parking is to be coordinated with the Owner. Contractors parked in unauthorized areas will be subject to booting or towing without warning at the vehicle owner's expense. Handicap parking stalls should not be used/blocked for loading or unloading under any circumstances. Notwithstanding the foregoing, Owner is not obligated to provide any parking spaces for Contractor or its subcontractors.

20. Material Safety Data Sheets

All materials that have any potential for hazard (paints, glues, polishes, solvents, etc.) must have their associated MSDS sheets available at the Project Site during the performance of the Work.

21. Posting of These Construction Rules and Regulations:

A copy of these Construction Rules and Regulations, acknowledged and accepted by the Contractor, must be posted at the Project Site in a location clearly visible to all workers. It is the Contractor's responsibility to instruct its employees and all subcontractors to familiarize themselves with these rules and regulations and to enforce compliance at all times.

22. Fire Alarm System

Should a Contractor's Work include welding, the use of a cutting torch, or any other activity that might interfere with the fire alarm system or otherwise trigger or effect the fire alarm system, the Contractor must receive prior written approval from the Owner at least 48 hours prior to commencing such activity. Owner at its reasonable discretion shall select the time of day for such operations. All work must be scheduled so that the fire alarm system is returned to service by the end of each day. If the system cannot be returned to service, the Contractor must supply fire watch personnel at its cost until such time that it is returned to service.

The Contractor shall take any and all steps to prevent accidental triggering of the fire and smoke detection devices within or adjacent to the Work Area and at the Project Site. Such steps shall not include disconnecting any such devices, but rather shall involve the installation of dust barriers around smoke detectors, etc. The Contractor must cover and uncover smoke detectors daily to avoid accidental activation of the fire alarm system. The Contractor is responsible for all costs associated with the activation of the fire alarm system by the Contractors and its subcontractors.

23. Light Bulbs and Ballasts

The Contractor is responsible for ensuring that all light fixtures in the Work Area are working properly, are of the same temperature (Kelvin) and are fully lit upon completion of the Work. This includes replacement of tubes and ballasts as required in light fixtures that are replaced, added, or repositioned.

24. Non-Compliance

In addition to other rights and remedies afforded to Owner under the Contract Documents, non-compliance with these regulations will result in the possible barring of the Contractor from current or future activities at the Project Site. Any costs incurred by Owner resulting from the Contractor's non-compliance (including the activities of any of the Contractor's employees or subcontractors) will be billed to the Contractor or set off against future payments to the Contractor in connection with the Work.

25. Damaged Property

All costs associated with replacing, repairing, or cleaning any property which have been damaged during the performance of the Work will be billed to the Contractor or set off against future payments to Contractor in connection with the Work. Contractor shall be responsible for the protection of their work and the areas adjacent to their work.

26. Tools and Materials

Tools or materials will not be loaned to construction personnel at any time. No flammable, highly combustible, or hazardous materials will be allowed on site. All gang boxes, tool boxes, tool chests, and other containers are subject to reasonable inspection

when moving in or out of the Building. Contractor / subcontractors shall be responsible for the security of their materials, tools, etc. The Owner will not be responsible for loss or damage to Contractors tools, materials or equipment whether such loss or damage is alleged or actual.

27. Doors

Doors to all work areas, including mechanical and electrical closets, will remain closed at all times. Propping doors open is expressly prohibited.

In the event that doors/frames are painted or touched up, all hardware and any associated data/rating plates are to be protected (taped off) prior to finishing.

28. Signs

Contractor shall not be permitted to post identifying signage or advertising within the Building or visible from outside the Building.

29. Building Standards

It is the responsibility of the Contractor to be fully knowledgeable of the Building Standards. Contractor is to confirm Building Standards with the Owner prior to commencement of the Work.. Materials, equipment, and/or quality of work which do not meet the Building Standards will be corrected at Contractor's sole expense.

30. As-built Drawings

"As-builts Drawings" shall be maintained by the Contractor. At the end of the construction period, "As-built Drawings" should be transmitted to the Owner in full size hard copy and PDF format. The architect shall provide CAD (.dwg), or similar format, as-built plans to Owner.

31. Hazardous Substances

Contractor certifies that, to its actual knowledge upon exercising reasonable diligence, no asbestos containing materials, PCBs or other substances regulated as hazardous substances are present in any materials used by Contractor.

No flammable or explosive fluids or materials shall be kept or used with the Building except in areas approved by the Owner. Flammable and explosive fluids or materials must be transported in standard safety containers.

32. Field Office

The Contractor shall provide a field office and means of communication for its exclusive use. Such field office and means of communication shall be at the Contractor's sole cost and located within the Work Area.

33. As-Is Condition

Contractor accepts that the Work Area is being delivered in “as-is” condition and that it is the sole responsibility of the Contractor’s and its subcontractors upon mobilization.

34. Approved/Required Subcontractors

The Contractor is to contract with Owner approved/required subcontractors for certain trades as defined by the lease agreement between Tenant and Owner. The Contractor is to confirm with the Owner the approved/required subcontractors prior to bidding out the Work.

35. System Testing

The Owner must witness the pressure testing of any systems that tie into the fire suppression, domestic water, condenser water or hot water before each system is enclosed or put into operation. It is the Contractors responsibility to schedule the testing with the Owner and subcontractors.

36. Structural Support

Equipment and materials are not permitted to be secured or supported to framing, ductwork, piping, or conduit. Items that may not be attached include but are not limited to: bracing for walls, ceiling grid, lights, cabling, conduits, piping, hangers, etc. All such items must be secured or supported directly to the structure. The Contractor will be responsible for repairing any damage caused by unacceptable attachment.

The Contractor shall be responsible for the structural integrity of the Building during its material stockpiling and Work. The Contractor is to disperse materials/equipment loads evenly throughout the Work Area so as to avoid concentrated loads in a single area.

37. Capping and Sealing

All piping, holes, cores, etc. must be capped or sealed when not in use. This includes drain and vent lines. The Contractor is responsible for any damage caused by failure to cap or seal the equipment or areas.

38. Coring

The Building structure has limitations on where any penetrations may occur. The Contractor shall x-ray/scan the area where the penetration is to occur. The Owner is to approve the penetration location after the completion of the x-ray/scanning and prior to coring. The Contractor is to properly protect the area below the penetration and is responsible for cleaning all debris. All such work is to be coordinated with the Owner.

All cores are to be fire stopped per code. All existing cores not being reused are to be filled to match existing conditions.

39. Fire Extinguishers

The Contractor is responsible for providing an adequate number of NFPA fire extinguishers for the Work Area. All fire extinguishers are to be serviced and maintained in accordance with NFPA requirements.

41. Inspections

The Contractor is responsible for scheduling all inspections with the city and other entities associated with the Work and delivery of all partial, temporary and final Certificates of Occupancy based upon the construction schedule.

42. Equipment Access

The Contractor will ensure its work in no way blocks or impedes access to equipment, valves, clean-outs, dampers, panels, points of entry, etc. Essentially, any equipment needing access by others in the future shall not be blocked.

43. Owner Review

After all major construction is complete and before ceiling tiles are installed the Contractor must coordinate with the Owner a visual inspection and approval of the overhead plenum spaces. This same requirement pertains to second siding walls and any chases opened as a result of the Work. It is the Contractor's responsibility to schedule this walkthrough in a timely fashion. Failure to do so may result in having to re-open and expose these areas. Note that in particular the Landlord will be looking to ensure all debris has been removed, proper access to equipment is provided, materials are installed per the drawings and specifications, etc.

44. Supervision

Contractor shall employ a competent superintendent, as approved in writing by Owner, from the commencement of construction through Substantial Completion and acceptance of the Work. The superintendent shall be in charge of the construction of the Work at all times. Contractor shall provide the superintendent with such assistants as are necessary to properly execute and coordinate all phases of the Work. The superintendent and such assistants shall be in attendance at the Project Site at all times during the performance of the Work. The superintendent shall represent Contractor, and communications given to the superintendent by Owner shall be as binding as if given to Contractor. Contractor shall, upon written request from Owner, replace the superintendent or any other member of Contractor's staff with a person satisfactory to Owner, but shall not otherwise re-assign the superintendent or replace the superintendent without Owner's consent.

45. Meetings

The Contractor shall hold weekly Project Meetings or as designated by the Owner. Subsequent to the Project Meeting, Contractor will be responsible for issuing weekly meeting minutes

documenting attendees and all items discussed.

SCHEDULE C-3

CLOSE-OUT DOCUMENTATION

At a minimum, the close-out documents will include the following:

1. As-built drawings in hard-copy and PDF format
2. Punch list completion with Tenant approval
3. Certified Test & Balance Report
4. Keying plan and schedule
5. Operation & maintenance manuals
6. Warranties & guarantees
7. Updated project directory
8. Certificate of Occupancy
9. Certificate of Substantial Completion (AIA Document G704)
10. Final Application and Certificate for Payment (AIA Document G702) with subcontractor final release of liens
11. Continuation Sheet (AIA Document G703) with full schedule of values.
12. Conditional/unconditional lien waivers from consultants, contractors, subcontractors, vendors, etc.

EXHIBIT D

OPTION TO EXTEND

A. A. Landlord hereby grants to Tenant **[redacted]** options to extend the Term (each, an "Option to Extend") for period of **[redacted]**, each (each, an "Option Term"), provided (i) there is no uncured monetary Default on the date Tenant delivers the Option Notice, (ii) Tenant is occupying no less than **[redacted]** of the Premises for its business purposes, and (iii) Tenant exercises the Option to Extend as set forth below. The applicable Option Term, if exercised, shall commence on the day following the Expiration Date or the last day of the first Option Term, as applicable, with no gap. Tenant may exercise each Option to Extend only by delivering written notice of exercise ("Option Notice") to Landlord no later than **[redacted]**, and no earlier than **[redacted]** prior to the Expiration Date or the last day of the first Option Term, as applicable (the "Exercise Deadline"). Time is of the essence with respect to delivery of the Option Notice. If Tenant exercises either or both of the Options to Extend in accordance with the provisions hereof, then the Term shall be extended accordingly. Except as otherwise expressly provided herein, each Option Term shall be upon the same terms, covenants and conditions as set forth herein with respect to the immediately preceding portion of the Term. All references in this Lease to the Term shall be construed to mean the initial Term and the Option Term or Terms, unless the context clearly indicates that another meaning is intended. For purposes of this Lease, no distinction is made between the terms "extend" and "renew," or any variations thereof.

Tenant shall have the right to extend the Term of this Lease pursuant to this Exhibit D with respect to less than the entire Premises; provided that the portion of the Premises that Tenant elects to lease contains either all or approximately one-half of the rentable area on the floor or floors that Tenant will continue to lease. In such event, Tenant's Option Notice shall specify the portion of the Premises Tenant elects to retain, and the Rent to be paid by Tenant with respect to the applicable Option Term shall be based on the rentable area of such portion of the Premises. On the commencement of the Option Term, Tenant shall surrender the portion of the Premises for which the Term is not to be extended in the condition required under the Lease.

B. Promptly following Landlord's timely receipt of the Option Notice, Landlord and Tenant shall commence negotiations concerning the amount of annual base rent (including annual escalations) which shall be payable during each year of the Option Term, it being intended that such annual base rent for the Option Term shall be equal to **[redacted]** of the prevailing fair market rent for the Premises as of the applicable renewal commencement date, and, in addition, Tenant shall be provided with prevailing market concessions (including without limitation, tenant improvement allowances, free rent, and other concessions, if applicable) being offered in the market and in determining such base rent and concessions, all other relevant factors for comparable space and comparable tenants in comparable buildings located in Rockville, Maryland ("Comparable Buildings") shall be taken into account. The base year for purposes of the Additional Rent payable by Tenant under Section 5 of the Lease shall be **[redacted]**. The parties shall have **[redacted]** after Landlord's receipt of the Option Notice in which to agree on the Base Rent (including annual escalations) which shall be payable during

each year of the applicable Option Term, and the amount of any tenant improvement allowance and any other prevailing market concessions. The parties shall be obligated to conduct such negotiations in good faith. Among the factors to be considered by the parties during such negotiations shall be (i) the general office rental market for Comparable Buildings, (ii) rental rates then being obtained by building owners of other Comparable Buildings, (iii) the rental rates then being obtained by Landlord for comparable office space, in "as is" condition, in the Building, (iv) concession packages then being obtained by other building owners with respect to comparable tenants for other Comparable Buildings, (vi) concession packages then being obtained by Landlord for comparable office space in "as-is" condition in the Building, and (vii) the brokerage commission, if any, to be paid in connection with such Option Term. For purposes of this Exhibit D, the term "fair market rent" shall be defined as set forth in this Section, including without limitation, the related fair market concessions, abatements and allowances, if any.

If, during such **[redacted]** period referred to above, the parties are unable to agree on the Base Rent and any other economic terms payable, including concessions, or applicable during the Option Term, then Tenant shall have the right at its option either (i) to rescind the exercise of the Option to Extend by sending Landlord written notice of such rescission election no later than f**[redacted]** after the expiration of such **[redacted]**, or (ii) to have the fair market rent determined in accordance with the procedure set forth below, taking into consideration the factors described above. If Tenant does not elect to rescind the Option to Extend, within **[redacted]** after the expiration of such **[redacted]** period, each party shall appoint a real estate broker which is unaffiliated with either party (each, a "Rental Broker" and collectively, the "Rental Brokers") who shall be a member of the National Association of Realtors or the Greater Washington, D.C. Association of Realtors, and shall have at least **[redacted]** relevant experience in office rentals in the Rockville, Maryland area. If either Landlord or Tenant fails to appoint a Rental Broker within such **[redacted]** period, then the other party shall have the power to appoint the Rental Broker for the party that so failed. The two Rental Brokers appointed by the parties shall determine, within **[redacted]** after appointment, the then fair market rent and concessions that will be applicable to the Premises for the Option Term. If the two (2) Rental Brokers appointed by the parties agree on a fair market rent and concessions, such fair market rent and concessions shall be used as the fair market rent and concessions for the Renewal Term. If the Rental Brokers reach different determinations of the fair market rent and/or concessions, then the two (2) Rental Brokers together shall appoint a third broker with the same qualifications ("Third Broker") within **[redacted]** after the end of the **[redacted]** determination period. All three (3) Rental Brokers shall attempt to agree within **[redacted]** on the fair market rent and concessions for the Option Term, and if they are unable to so agree within such **[redacted]** period, the Third Broker shall select one of the fair market rental determinations (including concessions) of the original two (2) Rental Brokers, and such selection shall be final and conclusive. Landlord and Tenant shall each bear the cost of its Rental Broker and shall share equally the cost of the Third Broker.

EXHIBIT E

CONTINUING RIGHT OF FIRST OFFER

A. Provided that: (1) no Default has occurred and is continuing, (2) Tenant's right to possession of the Premises has not been terminated, and (3) more than **[redacted]** are then remaining in the Initial Term (as of the date of the Expansion Space Offer Notice, as defined below), then prior to the Expiration Date (the "**ROFO Option Period**"), Tenant shall have the right at its option (the "**Tenant's Expansion Option**"), from time to time, to lease any space located on the **[redacted]** floor of the Building (the "**Expansion Space**"), subject to, and in accordance with the terms of this Exhibit E. Notwithstanding Tenant's Expansion Option, Landlord (its agents and representatives), shall have the right, but not the obligation, to market, advertise and make offers to third parties for the leasing of all or any part of the Expansion Space, subject to Tenant's rights under this Exhibit E. If at the time of a Trigger Event (defined below) there are fewer than **[redacted]** remaining in the Initial Term, Landlord shall nevertheless be required to comply with its notice obligations set forth below, but in order for Tenant to exercise Tenant's Expansion Option, Tenant must first exercise its Option to Extend pursuant to Exhibit D.

B. For purposes of this Exhibit E, a "**Trigger Event**" means (i) Landlord sending to any third-party prospective tenant, in connection with any portion of the Expansion Space, a prospect requested second round lease proposal after Landlord having first already delivered a first round lease proposal to such prospective tenant, (ii) Landlord sending a counter offer to any third-party prospective tenant, in connection with any portion of the Expansion Space, after Landlord having first already received a bona fide letter of intent or term sheet from such prospective tenant, (iii) Landlord receiving and countersigning a letter of intent or term sheet from a prospective tenant, (iv) if the Expansion Space is vacant and leasable, or (v), if Landlord, in its sole but reasonable discretion, anticipates that the Expansion Space may become available for Tenant to lease within the next nine (9) months. Immediately following a Trigger Event, Landlord shall deliver written notice to Tenant (an "**Expansion Space Offer Notice**") describing the Expansion Space and indicating the anticipated delivery date of the Expansion Space. If Tenant desires to lease the Expansion Space, Tenant shall send Landlord written notice ("**Expansion Space Election Notice**") of such election no later than **[redacted]** after Tenant's receipt of the Expansion Space Offer Notice. Tenant shall not have the option to lease less than all of the Expansion Space. If Tenant does not deliver the Expansion Space Election Notice to Landlord within such **[redacted]** period, then Tenant's right to lease that portion of the Expansion Space described in the Expansion Space Offer Notice shall automatically terminate, be null and void, and be of no further force and effect and Tenant shall have no further rights regarding the applicable Expansion Space described in the Expansion Space Offer Notice.

C. In the event that Tenant timely and properly exercises Tenant's Expansion Option, commencing on the date Landlord delivers possession of the Expansion Space to Tenant (but no earlier than the anticipated delivery date specified by Landlord in the Expansion Space Offer Notice), the Expansion Space shall be added to the Premises, and Tenant shall lease the Expansion Space in its "as is" condition on all of the same terms and conditions as the existing

Premises, for a term that is coterminous with the Term, except that the Monthly Base Rent for the Expansion Space shall be based on the rentable area of the Expansion Space, and shall at all times be the same (on a per rentable square foot basis) as the Monthly Base Rent for the initial Premises, and (ii) Landlord shall provide Tenant with (1) an abatement of Monthly Base Rent, and (2) an improvement allowance, based on the abatement and improvement allowance provided for the initial Premises (but prorated based on the remaining term of the Lease from and after the commencement date for the Expansion Space). Without limitation, commencing on the commencement date for the Expansion Space, Tenant's obligation to pay Additional Rent under Sections 5 and 6 of the Lease shall apply (on a per rentable square foot basis) to the Expansion Space.

D. Promptly following Tenant's exercise of Expansion Option for any Expansion Space, Landlord and Tenant shall execute and deliver an amendment to the Lease adding the Expansion Space to the Premises and consistent with the terms and conditions of this Exhibit E, but the failure to do so shall not affect either party's rights or obligations relating to the Expansion Space.

E. Time is of the essence with respect to Landlord's and Tenant's rights and obligations in this Exhibit E.

EXHIBIT F

OPTION TO TERMINATE

A. Provided that: (1) no uncured Default has occurred and is continuing, and (2) Tenant's right to possession of the Premises has not been terminated, and provided that Tenant timely delivers (i) the Termination Notice (as set forth herein); and (ii) the Termination Fee (as set forth herein), then Tenant shall have the option to terminate this Lease effective as of the date (the "Effective Early Termination Date") designated by Tenant that is no earlier than the last day of the **[redacted]** of the Initial Term (the "Termination Option"), subject to all of the conditions set forth in this Exhibit. Tenant must provide Landlord with Tenant's written notice of Tenant's intention to terminate this Lease (the "Termination Notice") by delivering such written Termination Notice to Landlord no later than 5:00 p.m. Eastern Time on the date that is **[redacted]** prior to the Effective Early Termination Date (the "Termination Notice Deadline").

B. Within **[redacted]** after Tenant delivers the Termination Notice, Tenant shall remit to Landlord the sum of: (i) one (1) month of Monthly Base Rent (at the Monthly Base Rent rate in effect as of the Early Termination Date), plus (ii) the total amount of all unamortized leasing commissions paid by Landlord in connection with this Lease, plus (iii) the total amount of all unamortized Construction Allowance(s) provided by Landlord to Tenant in connection with this Lease, plus (iv) the total amount of all unamortized Rent Abatement, (collectively, the "Termination Fee"). The unamortized amounts described in clauses (ii), (iii) and (iv) shall be calculated using an interest rate of **[redacted]** per annum and based on the then-remaining portion of the **[redacted]** Initial Term. At Tenant's request, Landlord shall promptly provide Tenant with the amounts of the leasing commissions paid by Landlord in connection with this Lease and with Landlord's reasonably detailed calculation of the Termination Fee based on one (1) or more possible Effective Early Termination Dates designated by Tenant in Tenant's request notice to Landlord. If Tenant does not timely (as set forth herein) provide Landlord with the Termination Notice and the Termination Fee, then Tenant's Termination Option shall automatically expire, be null and void and of no further fore or effect.

C. If Tenant timely and properly exercises its Termination Option and otherwise complies with the terms of this Exhibit, then the Early Termination Date would be effective as if such date had been the Expiration Date under this Lease. In the event Tenant timely and properly exercises the Termination Option, then Tenant shall continue to pay Monthly Base Rent and all additional rent, and otherwise comply with all of its obligations herein, through the Early Termination Date, when Tenant's right of occupancy of the Premises shall also terminate and when Tenant agrees to vacate, surrender, and leave the Premises to Landlord in the condition prescribed in this Lease. Accordingly, Tenant shall be liable and responsible for its obligations and liabilities under the Lease accruing prior to the Early Termination Date. In the event Tenant fails to timely deliver the Termination Notice and the full amount of the Termination Fee, as set forth above, then this Lease shall remain in full force and effect. Tenant and Landlord hereby agree that time is of the essence with respect to Tenant's exercise of the Termination Option.

EXHIBIT G

GUARANTY

This LEASE GUARANTY (the "Lease Guaranty") is executed as of the 12th day of March, 2020, by Aurinia Pharmaceuticals, Inc., a Canadian corporation ("Guarantor"), for the benefit of BOF II MD 77 UPPER ROCK LLC, a Delaware limited liability company ("Landlord"), with reference to the following facts:

A. Pursuant to that certain Lease on or about of even date herewith (the "Lease"), Landlord has agreed to lease to AURINIA PHARMA U.S., INC., a Delaware corporation ("Tenant") that certain Premises described in the Lease (all capitalized terms used herein and not otherwise defined herein shall have the meanings ascribed to them in the Lease).

B. As a condition to entering into the Lease with Tenant, Landlord has required that Guarantor guarantee the obligations of Tenant under the Lease in accordance with the terms of this Lease Guaranty.

NOW, THEREFORE, in consideration of Landlord's agreement to enter into the Lease and as a material inducement to Landlord to do so, Guarantor covenants and agrees with Landlord as follows:

ARTICLE 1 - REPRESENTATIONS AND WARRANTIES

Guarantor makes the following representations and warranties which shall be continuing representations and warranties until this Lease Guaranty expires in accordance with the provisions contained herein:

1.1 Existence and Rights. Guarantor is a corporation duly incorporated and validly existing under the laws of the Province of Alberta without limitation as to the duration of its existence and is in good standing. Guarantor has corporate powers and adequate authority, rights and franchises to own its property and to carry on its business as now owned and carried on and is duly qualified and in good standing in each jurisdiction in which the property owned by it or the business conducted by it makes such qualification necessary, and Guarantor has the corporate power and adequate authority to make and carry out this Lease Guaranty.

1.2 Lease Guaranty Authorized and Binding. The execution, delivery and performance of this Lease Guaranty are duly authorized and do not require the consent or approval of any governmental body or other regulatory authority; are not in contravention of, or in conflict with, any law or regulation or any term or provision of the constitutive documents and agreements of Guarantor; and this Lease Guaranty is a valid and legally binding obligation of Guarantor enforceable in accordance with its terms.

1.3 No Conflict. The execution and delivery of this Lease Guaranty are not, and the performance of this Lease Guaranty will not be, in contravention of, or in conflict with, any

agreement, indenture or undertaking to which Guarantor is a party or by which it or any of its property is or may be bound or affected and do not, and will not cause any security interest, lien or other encumbrance to be created or imposed upon any such property.

1.4 Financial Condition. Guarantor's financial statements, as set forth in the December 31, 2018 Annual Report, which have heretofore been submitted in writing by Guarantor to Landlord in connection herewith, are true and correct and fairly present the financial condition of Guarantor for the period covered thereby. Since the date of said financial statements, there has been no materially adverse change in Guarantor's financial condition.

1.5 Solvency. The execution and delivery of this Lease Guaranty will not (i) render Guarantor insolvent under generally accepted accounting principles or render it Insolvent (as defined below), (ii) leave Guarantor with remaining assets which constitute unreasonably small capital given the nature of Guarantor's business, and (iii) result in the incurrence of Debts (as defined below) beyond Guarantor's ability to pay them when and as they mature. For the purposes of this Section 1.5, "Insolvent" means that the present fair salable value of assets is less than the amount that will be required to pay the probable liability on existing Debts as they become absolute and matured. For the purposes of this Section 1.5, "Debts" includes any legal liability for indebtedness, whether matured or unmatured, liquidated or unliquidated, absolute, fixed or contingent.

1.6 Financial or other Benefit or Advantage. Guarantor hereby acknowledges and warrants that it has derived or expects to derive a financial or other benefit or advantage from the Lease.

1.7 Guarantor's Assumption of Guaranty Risks. Guarantor is fully aware of the financial condition of Tenant. Guarantor delivers this Lease Guaranty based solely upon Guarantor's own independent investigation and in no part upon any representation or statement of Landlord with respect thereto. Guarantor is in a position to and hereby assumes full responsibility for obtaining any additional information concerning Tenant's financial condition as Guarantor may deem material to Guarantor's obligations hereunder and Guarantor is not relying upon, nor expecting Landlord to furnish Guarantor, any information in Landlord's possession concerning Tenant's financial condition. By acceptance hereof, Landlord and Guarantor agree that Guarantor hereby knowingly accepts jointly and severally the full range of risk encompassed within a guaranty contract, such as this Lease Guaranty, that includes a "Continuing Guaranty," which risk includes, without limitation, the possibility that Tenant will incur additional indebtedness for which Guarantor may be liable hereunder after Tenant's financial condition or ability to pay its lawful debts when they fall due has deteriorated.

ARTICLE 2 - AGREEMENTS

2.1 Lease Guaranty. Guarantor hereby unconditionally and irrevocably guarantees (i) the due and punctual payment of rent and all other amounts due under or required to be made under the Lease, including, without limitation, reimbursement of Landlord's expenses in connection with a default under the Lease (and all renewals, extensions, modifications and rearrangements thereof), and (ii) the full and faithful performance of all of the terms, covenants, conditions and agreements contained in the Lease (and all renewals, extensions, and modifications thereof) (collectively, the "Guaranteed Obligations").

(a) The Guaranteed Obligations shall not be modified, reduced, or exonerated in any manner other than pursuant to an express written agreement executed by Landlord. Therefore, as an example and not in any way of limitation, a subsequent modification of the Lease or of Tenant's obligations thereunder pursuant to court order or operation of law or through any reorganization case concerning Tenant (whether by reason of the rejection or assignment of the Lease, any limitation of the amount of Landlord's allowed claim in such case, or otherwise) shall not affect the obligation of Guarantor to pay and perform the Guaranteed Obligations in full compliance with the terms of the Lease, irrespective of any modification, reduction, or exoneration of Tenant's obligations under the Lease.

2.2 Obligations Absolute. The obligations of Guarantor hereunder shall remain in full force and effect without regard to, and shall not be affected or impaired by the following, any of which may be taken without the consent of, or notice to, Guarantor, nor shall any of the following give Guarantor any recourse or right of action against Landlord:

(a) Any express or implied amendment, modification, renewal, addition, supplement, extension (including, without limitation, extensions beyond the Term) or acceleration of or to any of the Lease;

(b) Any exercise or non-exercise by Landlord of any right or privilege under this Lease Guaranty or the Lease;

(c) Any bankruptcy, insolvency, reorganization, composition, adjustment, dissolution, liquidation or other like proceeding relating to Guarantor or Tenant, or any guarantor (which term shall, for the purposes of this Lease Guaranty, include any other party at any time directly or contingently liable for any of the Tenant’s obligations under the Lease) or any affiliate of Tenant, or any action taken with respect to this Lease Guaranty by any trustee or receiver, or by any court, in any such proceeding, whether or not Guarantor shall have had notice or knowledge of any of the foregoing;

(d) Any release or discharge of the Tenant from its liability under the Lease or any release or discharge of any guarantor or of any other party at any time directly or contingently liable for the Guaranteed Obligations;

(e) Any assignment or other transfer of the Lease or this Lease Guaranty in whole or in part; and/or

(f) Any acceptance of partial performance of the Guaranteed Obligations.

2.3 Waivers. Guarantor unconditionally waives any defense to the enforcement of this Lease Guaranty, including, without limitation:

(a) All presentments, demands for performance, notices of nonperformance, protests, notices of protest, notices of dishonor, and notices of acceptance of this Lease Guaranty;

(b) Any right to require Landlord to proceed against Tenant or any guarantor at any time or to proceed against or exhaust any security (including the security deposit, if any) held by Landlord at any time or to pursue any other remedy whatsoever at any time;

(c) Any defense arising by reason of any invalidity or unenforceability of all or any portion of the Lease or any disability of Tenant or any guarantor or of any manner in which

Landlord has exercised its rights and remedies under the Lease, or by any cessation from any cause whatsoever of the liability of Tenant or any guarantor;

(d) Any defense based upon an election of remedies by Landlord;

(e) Any duty of Landlord to advise Guarantor of any information known to Landlord regarding the financial condition of Tenant and all other circumstances affecting Tenant's ability to perform its obligations to Landlord, it being agreed that Guarantor assumes the responsibility for being and keeping informed regarding such condition or any such circumstances;

(f) Any rights of subrogation, reimbursement, exoneration, contribution and indemnity, and any rights or claims of any kind or nature against Tenant which arise out of or are caused by this Lease Guaranty, and any rights to enforce any remedy which Landlord now has or may hereafter have against Tenant and any benefit of, and any right to participate in, any security (including the security deposit, if any) now or hereafter held by Landlord, until all of the Guaranteed Obligations have been fully paid and performed; and

(g) Guarantor consents and agrees that Landlord shall be under no obligation to marshal any assets in favor of Guarantor or any of them, or against or in payment of any or all of the Guaranteed Obligations.

2.4 Independent and Separate Obligations. The obligations of Guarantor hereunder are independent of the obligations of Tenant under the Lease and, in the event of any default hereunder, a separate action or actions may be brought and prosecuted against Guarantor whether or not Guarantor is the alter ego of Tenant and whether or not Tenant is joined therein or a separate action or actions are brought against Tenant. Landlord's rights hereunder shall not be exhausted until all of the Guaranteed Obligations have been fully paid and performed.

2.5 Payments and Performance. Guarantor agrees that whenever Guarantor shall make any payment to Landlord or otherwise perform any of the Guaranteed Obligations hereunder on account of the liability hereunder, Guarantor will deliver such payment or tender such performance to Landlord at the address provided in Section 3.9 below or at such other address as may be required by Landlord and notify Landlord in writing that such payment is made or performance tendered under this Lease Guaranty for such purpose. It is understood that Landlord, without impairing this Lease Guaranty, may apply payments from Tenant to the Guaranteed Obligations or to such other obligations owed by Tenant to Landlord in such amounts and in such order as Landlord in its complete discretion determines. No payment made hereunder by Guarantor to Landlord shall constitute Guarantor as a creditor of Landlord.

2.6 Continuing Obligations. In the event of the dissolution of any one of the Guarantors, this Lease Guaranty shall continue in effect in any dissolution, receivership or "winding up," until such time as such Guarantor's administrators, receivers, or trustees shall revoke the same as to transactions thereafter entered into by Landlord with or for the account of Tenant. The revocation of this Lease Guaranty by any one or more of the Guarantors, or by the administrators, receivers or trustees of any such Guarantor, shall not affect the continuing liability hereunder of such of the Guarantors as do not give notice of revocation.

2.7 Acknowledgment of Separate Actions. Guarantor acknowledges and agrees that any final determination by a court of competent jurisdiction of the amount of the Guaranteed Obligations or any obligations and liabilities owing by Tenant or Guarantor to Landlord shall be conclusive and binding upon Guarantor irrespective of whether Guarantor was a party to the suit or action in which such determination was made.

ARTICLE 3 - MISCELLANEOUS

3.1 Exercise of Remedies; Successors; Etc. No delay or failure by Landlord to exercise any remedy against Tenant or Guarantor will be construed as a waiver of that right or remedy. All remedies of Landlord are cumulative. If Guarantor consists of more than one person or entity, the obligations hereunder shall be joint and several. When the context in which the words are used in this Lease Guaranty indicates that such is the intent, words in the singular number shall include the plural and vice-versa. If any one or more of the provisions of this Lease Guaranty should be determined to be illegal or unenforceable, all other provisions shall remain effective. The Guarantor shall not have the right to assign any of its rights or obligations under this Lease Guaranty.

3.2 Governing Law; Consent to Jurisdiction. This Lease Guaranty shall be governed by and construed in accordance with the laws of the state where the Premises is located. As part of the consideration for Landlord's entering into the Lease with Tenant, Guarantor hereby agrees that all actions or proceedings arising directly or indirectly hereunder may, at the option of Landlord, be litigated in courts within the state of where the premises is located, and Guarantor hereby expressly consents to the jurisdiction of any local, state or federal court located within the state of where the premises is located and service of process may be made by personal service upon Guarantor wherever Guarantor may be then located, or by certified or registered mail directed to Guarantor at Guarantor's last known address, or otherwise in accordance with applicable law.

3.3 Assignability by Landlord. Landlord may, at any time and from time to time, assign, conditionally or otherwise, all of the rights of Landlord, under the Lease and under this Lease Guaranty, whereupon such assignee shall succeed to all rights of Landlord hereunder. Landlord, or each successor landlord, may give written notice to Guarantor of any such assignment, but any failure to give, or delay in giving, such notice shall not affect the validity or enforceability of any such assignment.

3.4 Demands. Each demand by Landlord for performance or payment hereunder shall be in writing and shall be made in the manner set forth in Section 3.9 below.

3.5 Term. The obligations of Guarantor under this Lease Guaranty shall continue in full force and effect so long as any obligations under the Lease remain due to Landlord, and said obligations are subject to revival and renewal pursuant to Section 2.6 hereof.

3.6 MUTUAL WAIVER OF JURY TRIAL . BECAUSE DISPUTES ARISING IN CONNECTION WITH COMMERCIAL TRANSACTIONS ARE MOST QUICKLY AND ECONOMICALLY RESOLVED BY AN EXPERIENCED AND EXPERT TRIER OF FACT AND THE PARTIES WISH APPLICABLE STATE AND FEDERAL LAW TO APPLY (RATHER THAN ARBITRATION RULES), THE PARTIES DESIRE THAT THEIR DISPUTES BE RESOLVED BY A JUDGE APPLYING SUCH APPLICABLE LAWS. EACH OF THE PARTIES HERETO SPECIFICALLY WAIVES SUCH PARTY'S RIGHT TO TRIAL BY JURY OF ANY CAUSE OF ACTION, CLAIM, CROSS-CLAIM, COUNTERCLAIM, THIRD PARTY CLAIM OR ANY OTHER CLAIM (COLLECTIVELY " CLAIMS") ASSERTED BY LANDLORD AGAINST TENANT OR GUARANTOR, OR BY TENANT OR GUARANTOR AGAINST LANDLORD, LANDLORD'S WAIVER HEREUNDER BEING EVIDENCED BY ITS ACCEPTANCE OF THIS LEASE GUARANTY. THIS WAIVER EXTENDS TO ALL SUCH CLAIMS, INCLUDING, WITHOUT LIMITATION, CLAIMS WHICH INVOLVE PERSONS OR ENTITIES OTHER THAN LANDLORD, TENANT, AND

GUARANTOR; CLAIMS WHICH ARISE OUT OF OR ARE IN ANY WAY CONNECTED TO THE RELATIONSHIP BETWEEN LANDLORD AND TENANT OR GUARANTOR; AND ANY CLAIMS FOR DAMAGES, BREACH OF CONTRACT ARISING OUT OF THE GUARANTEED OBLIGATIONS OR THIS AGREEMENT, SPECIFIC PERFORMANCE, OR ANY EQUITABLE OR LEGAL RELIEF OF ANY KIND.

WITH REFERENCE TO THE FOREGOING WAIVER, GUARANTOR ACKNOWLEDGES AND AGREES THAT IT HAS RECEIVED FULL AND SUFFICIENT CONSIDERATION THEREFOR AND THAT SUCH WAIVER BY GUARANTOR IS A MATERIAL INDUCEMENT FOR LANDLORD ENTERING INTO THE TRANSACTIONS COVERED BY THE LEASE AND THIS LEASE GUARANTY.

3.8 Severability. Wherever possible each provision of this Lease Guaranty shall be interpreted in such manner as to be effective and valid under applicable law, but if any provision of this Lease Guaranty shall be prohibited by or invalid under applicable law, such provision shall be ineffective to the extent of such prohibition or invalidity, without invalidating the remainder of such provision or the remaining provisions of this Lease Guaranty.

3.9 Notices. All notices and demands hereunder shall be deemed to have been duly given if personally delivered or mailed by United States registered or certified mail, with return receipt requested, postage prepaid to the parties at the following addresses (or at such other addresses as shall be given by written notice by any party to the others) or if deposited with a nationally recognized overnight courier requiring a signed receipt for delivery thereof, with all charges prepaid, and shall be deemed complete upon any such mailing or deposit:

To Guarantor: Aurinia Pharmaceuticals, Inc.
1203-4464 Markham Street
Victoria, British Columbia T5S 2H5
Attention: Chief Financial Officer

To Landlord: BOF II MD 77 Upper Rock LLC
c/o Bridge Investment Group
Five Concourse Parkway, Suite 3100
Atlanta, GA 30328
Attn: Asset Management

with a copy to: Bridge Investment Group
Five Concourse Parkway, Suite 3100
Atlanta, GA 30328
Attn: **[redacted]**

3.10 Complete Agreement. This Lease Guaranty supersedes any prior negotiations, discussions or communications between Guarantor and Landlord and constitutes the entire agreement between Landlord and Guarantor with respect to the Guaranteed Obligations.

[SIGNATURE ON FOLLOWING PAGE]

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IN WITNESS WHEREOF, the undersigned has executed this Lease Guaranty as of the date first above written.

GUARANTOR:

AURINIA PHARMACEUTICALS, INC.,
An Alberta Corporation

By: */s/ Max Donley*
Name: Max Donley
Title: EVP

EXHIBIT H

RESERVED SPACES

[redacted]

EXHIBIT I

CLEANING SPECIFICATIONS

[redacted]

EXHIBIT J

FORM OF SNDA

[redacted]

OFFICE LEASE

BETWEEN:

TC EVOLUTION LIMITED PARTNERSHIP

AND:

AURINIA PHARMACEUTICALS INC.

TABLE OF CONTENTS

THIS LEASE dated August 12, 2020 is between:

TC EVOLUTION LIMITED PARTNERSHIP

("Landlord")

AND

AURINIA PHARMACEUTICALS INC.

("Tenant")

BACKGROUND

A. The Landlord is the beneficial owner of the Land on which the Building is located.

B. 0922010 B.C. Ltd. is the registered owner of the Lands, holding registered title as bare trustee for and on behalf of the Landlord.

C. The Landlord has agreed to lease a portion of the Building to the Tenant on the terms and conditions set out below.

AGREEMENTS

For good and valuable consideration, the receipt and sufficiency of which each party acknowledges, the parties covenant and agree as follows:

Part 1

DEFINITIONS/SCHEDULES

1.1 Defined Terms

. In this Lease:

(a) "Additional Rent" means all sums of money to be paid by the Tenant, whether to the Landlord or otherwise, under this Lease except Basic Rent;

(b) "Additional Services" means the services and supervision supplied by the Landlord and referred to in paragraph 9.5 or in any other provision as Additional Services and any other services which from time to time the Landlord supplies to the Tenant which are additional to the services which the Landlord has agreed to supply pursuant to the provisions of this Lease and to like provisions of other leases of the Building.

(c) "Affiliate" of any of the parties hereto means any corporation which is Controlled by or which Controls that party or any other corporation Controlled by, or which Controls, that corporation, whether the Control be direct or indirect;

(d) "Architect" means an independent qualified architect employed by dHKarchitects Inc. or such other independent qualified architect from time to time named by the Landlord with whom the Tenant has no reasonable objection;

(e) "Basic Rent" means the basic rent set out in paragraph 4.2(a)(i);

(f) "BOMA Method" means the Building Owners and Managers Association method of measurement for office buildings titled, "Office Buildings: Standard Methods of Measurement (ANSI/BOMA A65.1-2017);

(g) "Building" means the buildings, structures, facilities and other improvements erected, or to be erected, on the Land, and includes any other buildings, structures, facilities and improvements constituting an expansion of the Building but specifically excludes any residential building(s) constructed on the Land;

(h) "Capital Tax" means the tax or excise, if any, imposed upon the Landlord on account of the capital of the Landlord as such amount is allocated by the Landlord to the Land and the Building, based upon the Landlord's determination of the fair market value thereof in proportion to the fair market value of all of the capital assets of the Landlord within the jurisdiction of the taxation authority, with capital considered to include capital stock, retained earnings, contributed and other surpluses, loans, advances, and other liabilities

and such other items as are included in the tax base of the tax on capital under the relevant tax law, as amended or substituted from time to time;

(i) "Commencement Date" means the first day after the Fixturing Period has expired;

(j) "Common Areas and Facilities" means those areas and facilities which may be furnished in or near the Building for the non-exclusive common use of, or the common benefit of, tenants and other occupants of the Building, their employees, agents, customers and other invitees and others designated by the Landlord from time to time, which areas and facilities are designated as such by the Landlord, which designation may be changed from time to time and which include without limitation, common entrances, lobbies, access stairways and corridors, common washrooms, elevators and escalators and rooftop patio, but excluding any parking areas located on the Land or serving the Building;

(k) "Control", "Controls" and "Controlled" includes, without limitation:

(i) the right to exercise a majority of the votes which may be cast at a general meeting of a corporation,

(ii) the right to elect or appoint, directly or indirectly, a majority of the directors of a corporation or other persons who have the right to manage or supervise the management of the affairs and business of the corporation, and

(iii) any change in the general partners of a partnership, including the resignation of a partner;

(l) "Delivery Conditions" comprise the following:

(i) the Landlord's Work has been substantially completed as certified by the Architect; and

(ii) not less than 3 months have elapsed from the date of delivery to the Tenant of the Delivery Notice;

(m) "Delivery Notice" means the written notice given by the Landlord to the Tenant containing the anticipated Possession Date;

(n) "Fixturing Period" means period commencing on the Possession Date and ending on the date that is **[redacted]** after the Possession Date;

(o) "GST" means the tax presently levied under Part IX of the *Excise Tax Act* (Canada) or as may be amended or substituted from time to time and includes any sales tax, multi-stage sales tax, value added tax, consumption tax or any other tax, levy, duty or assessment levied in lieu thereof or in addition thereto from time to time;

(p) "Hazardous Substance" means any substance which, when released into the Building or any part thereof, or into the natural environment, is likely to cause, at any time, material harm or degradation to the natural environment or material risk to human health, and includes, without limitation, any flammables, explosives, radioactive materials, asbestos, polychlorinated biphenyls, chlorofluorocarbons, hydro chlorofluorocarbons, urea formaldehyde foam insulation, radon gas, chemicals known to cause cancer or other toxicity, pollutants, contaminants, hazardous wastes, toxic substances or related materials, petroleum and petroleum products, or any substance declared to be hazardous

or toxic or a pollutant, dangerous good, deleterious substance, effluent, hazardous waste or special waste, or words of similar meaning under any laws now or hereafter enacted, which affect or apply to the Building, the Landlord, the Tenant, or any of them;

(q) "HVAC Costs" with reference to the whole or any part of the Building means all costs of heating, ventilating, air conditioning and humidity control of the Building or the specified part, and includes, but is not limited to, cost of fuel, water, electricity, operation of air distribution and cooling equipment, cost of maintenance of facilities and systems related to heating, ventilating, air conditioning, humidity control of the Building or any part, labour, materials, non-capital repairs, maintenance, service and other such costs, and depreciation (computed in accordance with generally accepted accounting principles in the Province of British Columbia) of the capital cost of fixtures and equipment used therefor which by their nature require periodic replacement or substantial repair or replacement, reasonably attributable to the heating, ventilating or air conditioning or humidity control of the Building or the specified part, and the reasonable cost incurred by the Landlord in making an allocation of the costs with reference to any specified part;

(r) "Initial Term" means the period of 10 years commencing on the Commencement Date;

(s) "Land" means the land civically known as 2615-2629 Douglas Street, Victoria, BC and legally described in Schedule 2;

(t) "Landlord" means the party described as such above and its successors and assigns;

(u) "Landlord's Work" means the work to be completed by the Landlord as set out in Part A of Schedule 5;

(v) "Lease" means this Lease and all its Schedules, as amended from time to time;

(w) "Lease Year" means a period of 12 consecutive calendar months during the Term ending on the last day of the financial year of the Landlord, except that:

(i) the first Lease Year begins on the first day of the Term and ends on the last day of the financial year of the Landlord in which the first day of the Term occurs, and may be a period less than 12 consecutive calendar months,

(ii) the last Lease Year begins on the first day of the financial year of the Landlord during which the last day of the Term occurs and ends on the last day of the Term, and may be a period less than 12 consecutive calendar months, and

(iii) if the Landlord changes its financial year and gives notice to the Tenant of the first and last days of the new financial year, the period between the last day of the old financial year and the last day of the new financial year will be a Lease Year and will be a period less than 12 consecutive calendar months, and the next Lease Year will follow consecutively;

(x) "Leasehold Improvements" means all fixtures, trade fixtures, improvements, installations, alterations and additions from time to time made, erected or installed by, or on behalf of, the Tenant in the Premises, with the exception of furniture and equipment not of the nature of fixtures, but includes all partitions however fixed (including floor to ceiling moveable partitions) and includes all wall-to-wall carpeting with the exception of carpeting laid over vinyl tile or other finished floor and affixed so as to be readily removable without damage;

(y) "Mortgage" means a mortgage or charge (including a deed of trust and mortgage securing bonds and all other indentures supplemental thereto) on or in respect of the Land or Building or any part of them, and includes all renewals, modifications, consolidations, replacements and extensions;

(z) "Mortgagee" means the mortgagee or trustee for bondholders, as the case may be, named in a Mortgage;

(aa) "Normal Business Hours" means the hours from 7 a.m. to 6 p.m., Monday to Friday, inclusive, of each week, holidays excepted, or such other hours and days as may be specified in Schedule 3 from time to time;

(bb) "Operating Costs" means the aggregate (without duplication) of all costs and expenses incurred by or on behalf of the Landlord for the ownership, operation, maintenance, repair, replacement and management of the Building and the Land, or any part of the Building or the Land, whether contemplated at the time of execution of this Lease or otherwise including, without limitation, all costs and expenses of:

(i) all insurance which the Landlord is obligated to obtain, and any other insurance the Landlord or its Mortgagee elects to obtain, in respect of any risk or casualty, including public liability, property damage and loss of rental income insurance,

(ii) HVAC Costs to the extent not allocated as provided in paragraph 5.1,

(iii) cleaning, painting, janitorial services, including snow and ice removal, window cleaning, maintaining and servicing electric light fixtures and replacing bulbs, tubes, starters, and ballasts, garbage and waste collection and disposal,

(iv) all charges for public services and utilities which are not separately metered in respect of individual tenants, including hot and cold water, gas, electricity, sewer (sanitary and storm),

(v) communications, information facilities, sound, visual, lighting, public address and musical broadcasting systems,

(vi) policing, supervision, traffic control and security and life supporting systems,

(vii) the cost of operating and repairing elevators, escalators or any other device for passenger or goods transportation,

(viii) fees and other remuneration payable for operating, maintenance, promotion, engineering, legal and accounting services, and other consulting and professional services, and if those services are performed by individuals employed by the Landlord, they will include, subject to subparagraph (xxix) below, remuneration of those individuals including fringe benefits, unemployment insurance and pension plans but excluding administrative costs and expenses except as specified in subparagraph (xv) below,

(ix) building supplies and the rental equipment used by the Landlord in maintenance and operating services and the reasonable rental value from time to time of space utilized by the Landlord in connection with the operation or maintenance of the Building,

(x) depreciation or amortization (computed by the Landlord in accordance with accounting principles generally accepted in British Columbia) of furnishings, fixtures, equipment, machinery, facilities, systems and property which by their nature require periodic or substantial repair or replacement, but excluding structural repair or replacement,

(xi) repairs and replacements to, and maintenance of, the Building including, but not limited to, the cost of gardening, landscaping and outdoor area maintenance and equipment, maintenance and repair of the roof of the Building and the surface of the exterior walls of the Building, but excluding structural repairs,

(xii) GST on goods and services provided by or on behalf of the Landlord,

(xiii) costs otherwise attributable to capital account for improvements, machinery or equipment which are intended to reduce Operating Costs,

(xiv) all costs incurred in acquiring, installing, operating, maintaining, revising repairing, restoring, renewing and replacing any energy conservation, fire safety, sprinkler and life safety systems and equipment for the Building, and for effecting any improvements to the Building made to comply with any changes in insurance or legal requirements from and after the Commencement Date, including any applicable laws or regulations governing, among other things, air pollution, air quality and environmental control standards, and for investigating, testing, monitoring, controlling, removing, disposing, enclosing, encapsulating or abating any Hazardous Substance in, on, under or above the Building or the Land or any part of either of them which, in the Landlord's opinion, or in the opinion of any regulating authority having jurisdiction, is or may be harmful to or hazardous to any person or to the Building or the Land or any part thereof,

(xv) a management fee equal to the amount paid by the Landlord to an independent qualified professional property manager in respect of the management of the Land and the Building, which fee shall be in keeping with the industry standard for buildings of a similar size, age and location, and shall not, in any event, exceed 5% of the aggregate of all Basic Rent payable by the tenants of the Building, and

(xvi) license, permit and inspection fees,

but does not include:

(xvii) costs of alterations, improvements or betterments to the Premises (unless requested in writing by the Tenant) or to the premises of other tenants,

(xviii) costs of correcting structural defects in or inadequacy of the initial design or construction of the Building,

(xix) cost of the initial stock of tools and equipment for operation, repair and maintenance of the Land or the Building acquired prior to the Commencement Date,

(xx) expenses directly resulting from the negligence of another tenant or occupant of the Land or the Building or from the negligence of the Landlord, its agents, servants or employees, or others for whom it is in law responsible,

(xxi) the expense of services provided to other tenants of the Land or the Building which are not provided to the Tenant,

(xxii) costs related directly or indirectly to environmental laws, regulations or ordinances of any governmental authority having jurisdiction,

(xxiii) any damage or loss resulting from any casualty normally insured against by owners of a first class project,

(xxiv) costs of repairs to and replacements of structural elements of the Building including foundations, structural sub-floors, bearing walls, columns, beams and structural components of the roof (including the roof membrane),

(xxv) costs of additions or expansions to the Building,

(xxvi) legal fees, space planners' fees, real estate brokers' leasing commission, take-over costs, advertising expenses and all other leasing expenses incurred in connection with the original development or original leasing of the Building or future leasing of the Land or the Building,

(xxvii) any bad debt loss, rent loss or reserves for bad debts or rent loss,

(xxviii) costs associated with the operation of the business of the entity which constitutes the Landlord as the same are distinguished from the costs of operation of the Land and the Building, including accounting and legal matters, costs of defending any lawsuits with any mortgagee (except as the actions of the Tenant may be in issue) costs of selling, syndicating, financing, mortgaging or hypothecating any of the Landlord's interest in the Land or the Building, costs of any disputes between the Landlord and its employees (if any) not engaged in the operation of the Land or the Building, disputes of the Landlord with the management of the Land or the Building, or fees or costs paid in connection with disputes with other tenants,

(xxix) the wages of any employee (including fringe benefits, unemployment insurance and pension plans) who does not (A) devote substantially all of his or her time to the Land and the Building in which case a proportionate share of such wages will be included in Operating Costs based on the time devoted to the Land and the Building in relation to work not devoted to the Land and the Building, or (B) perform their tasks on-site at the Land or the Building,

(xxx) fines, penalties and interest not arising as a result of any act or omission of the Tenant,

(xxxi) Capital Tax payable by the Landlord,

(xxxii) extraordinary costs or costs of a capital nature required to comply with environmental laws, regulations or ordinances of any governmental authority having jurisdiction,

(xxxiii) other costs incurred by, or on behalf of, or at the request of, an individual tenant or tenants which result in a benefit to that tenant and which are not of general application to tenants of the Building,

(xxxiv) costs incurred by the Landlord solely to lease premises in the Building, including costs of installation of demising walls and refurbishing vacant premises and

wages and compensation reasonably allocated by the Landlord for purposes of leasing premises in the Building,

(xxxv) any cost or expense to the extent to which the Landlord is paid or reimbursed by any person (other than by tenants paying their respective proportionate share of Operating Costs), including the cost of work or services performed for any tenant at such tenant's cost as Additional Services, the cost of any item reimbursed to the Landlord by insurance proceeds and the costs recovered from tenants as a result of any act, omission, default or negligence of that tenant by reason of a breach by such tenant of provisions of its lease, and

(xxxvi) debt service incurred by the Landlord,

and the following shall be deducted from Operating Costs:

(xxxvii) the proceeds of insurance recovered by the Landlord applicable to damage, the cost of repair of which was included in the calculation of Operating Costs paid by the Tenant; and

(xxxviii) amounts recovered as a result of direct charges to the Tenant and other tenants, in each case to the extent that the cost thereof was included in the calculation of Operating Costs.

If any of the Operating Costs apply disproportionately to one or more tenants of the Building then the Landlord, acting reasonably, may allocate all or a portion of those costs to the tenant to whom the costs disproportionately apply. Similarly, if any of the Operating Costs apply to the Land as a whole or a portion thereof and are not separately allocated to a Building or the Premises, then the Landlord, acting reasonably, may allocate a portion of those costs to the Operating Costs. If at any time during any Lease Year, less than 95% of the Building is occupied, the Landlord will have the right to reasonably allocate the amount of any expense included in Operating Costs that is related to tenant occupancy amongst the tenants in occupation so that the Landlord will fully recover its expenditure for those costs. All costs and expenses that constitute Operating Costs and are of a capital nature, as determined in accordance with generally accepted accounting principles, shall be amortized and recovered on a straight line basis by the Landlord over the useful life of the item or service in accordance with generally accepted accounting principles;

(cc) "Permitted Business" means the permitted business described in paragraph 6.1;

(dd) "Possession Date" means the date on which the Landlord delivers possession of the Premises to the Tenant with all Delivery Conditions satisfied;

(ee) "Premises" means the premises forming part of the third floor of the Building shown in bold outline on Schedule 1 and comprising approximately 18,615 square feet of Rentable Area. The exterior faces of all adjoining corridor and outside walls, all areas below the upper surface of the subfloor and above the undersurface of the roof structure any stairways or passageways to other premises, stacks, shafts, pipes, conduits, ducts or other Building facilities or systems supplied by the Landlord for use in common with other tenants are expressly excluded from the Premises;

(ff) "Prime Rate" means the annual rate of interest announced at the relevant time by the Royal Bank of Canada as a reference rate in effect for determining interest rates on Canadian dollar commercial loans made by it in Canada;

(gg) "Rent" means Basic Rent and Additional Rent;

(hh) "Rentable Area" means the "Rentable Area" (as defined in the BOMA Method) of a tenant's premises expressed in either square feet or square meters, determined in accordance with the BOMA Method;

(ii) "Security Deposit" means the deposit as defined in paragraph 4.8;

(jj) "Service Areas" means the area of the corridors, elevator lobbies, service elevator lobbies, refuge area, washrooms, air-cooling rooms, fan rooms, janitor's closets, telephone and electrical closets and other closets on a floor serving the premises leased or available for leasing to tenants on such floor;

(kk) "Taxes" means all taxes, rates, duties, levies and assessments whatsoever, whether municipal, parliamentary or otherwise, levied, imposed or assessed against the Building or the Land or any part of either of them or upon the Landlord in respect of them or in respect of the use and occupation thereof by any competent authority, including, without limitation:

(i) those levied, imposed or assessed for education, schools and local improvements,

(ii) all costs and expenses (including legal and other professional fees) reasonably incurred by the Landlord in good faith in contesting, resisting or appealing any taxes, rates, duties, levies or assessments, and

(iii) any and all taxes which may in the future be levied in lieu of taxes as set out above provided such taxes relate to the value of the Building or the Land or any part of either of them,

but excluding:

(iv) taxes and license fees in respect of any business carried on by tenants and occupants of the Building including the Landlord, and

(v) income or profit taxes on the income of the Landlord to the extent those taxes are not levied in lieu of taxes, rates, duties, levies and assessments against the Building or the Land or any part of either of them or upon the Landlord in respect of them;

(ll) "Tenant Delays" means any one or more delays caused by a breach of this Lease by the Tenant or any commercially unreasonable or negligent acts or omissions of the Tenant or those persons for whom the Tenant is responsible at law, including, but not limited to, delays in providing information or approving plans and specifications, or by changes in the work ordered by the Tenant;

(mm) "Tenant Improvement Allowance" means an improvement allowance payable by the Landlord to the Tenant in the sum of $50.00 multiplied by the Rentable Area of the Premises plus GST for the construction and installation of the Tenant's Work;

(nn) "Tenant's Proportionate Share" means a fraction the numerator of which is the Rentable Area of the Premises and the denominator of which is the Total Rentable Area;

(oo) "Tenant's Work" means the work to be performed by the Tenant in the Premises as set out in and in accordance with Part B of Schedule 5;

(pp) "Term" means the Initial Term together with any renewals or extensions thereof;

(qq) "Total Rentable Area" means the total Rentable Area of the Building, whether rented or not, calculated as if the Building were entirely occupied by tenants renting whole floors and which is estimated to be, as of the date of this Lease, **[redacted]**; and

(rr) "Unavoidable Delay" means a delay in performance of an act or compliance with a covenant caused by any event beyond the reasonable control of the party obligated to perform or comply, except a delay caused by lack of funds or other financial reason.

1.2 Schedules

. The following Schedules form part of this Lease:

Schedule 1 - PLAN OF PREMISES
Schedule 2 - LEGAL DESCRIPTION OF THE LAND
Schedule 3 - RULES AND REGULATIONS
Schedule 4 - ADDITIONAL PROVISIONS
Schedule 5 - LANDLORD'S WORK AND TENANT'S WORK
Schedule 6 - DESIGNATED PARKING STALLS

Part 2

INTENT

2.1 Net Lease

. The Tenant will pay to the Landlord duly and punctually all Rent without any deduction, abatement or set-off whatsoever, it being the intention of the Landlord and the Tenant that this Lease is to be a completely carefree net lease to the Landlord except as otherwise set forth herein. All expenses, costs, payments and outgoings incurred in respect of, or relating to, the Premises, the Building or the Land, whether or not referred to in this Lease, and whether or not within the present contemplation of the Landlord or the Tenant, will be borne by the Tenant so that Rent will be absolutely net to the Landlord except as otherwise specifically provided in this Lease.

Part 3

PREMISES, TERM

3.1 Demise

. The Landlord leases the Premises to the Tenant for the Term, and the Tenant leases the Premises from the Landlord, on and subject to the covenants and agreements contained in this Lease.

Part 4

RENT AND ADDITIONAL RENT

4.1 Covenant to Pay Rent

. The Tenant covenants to pay when due Rent and all other costs and charges payable by it under this Lease.

4.2 Basic Rent

.

(a) During the Term, the Tenant will pay to the Landlord, at the office of the Landlord or at such other place in Canada as the Landlord designates from time to time in writing, in lawful money of Canada and without deduction, set-off or abatement, the aggregate of:

(i) Basic Rent as follows:

In year 1 of the Initial Term to the end of year 2 of the Initial Term inclusive	**[redacted]**per square foot of Rentable Area of the Premises
In year 3 of the Initial Term to the end of year 5 of the Initial Term inclusive	**[redacted]**per square foot of Rentable Area of the Premises
In year 6 of the Initial Term to the end of year 8 of the Initial Term inclusive	**[redacted]**per square foot of Rentable Area of the Premises
In year 9 of the Initial Term to the end of year 10 of the Initial Term inclusive	**[redacted]**per square foot of Rentable Area of the Premises

(ii) Additional Rent as specified in paragraph 4.4; and

(iii) All GST assessed upon or as a direct result of the payment of Rent under this Lease and such GST will not be considered to be Rent, but the Landlord will have the same rights and remedies for non-payment of GST as it has for non-payment of Rent.

(b) The Landlord reserves the right to adjust the Total Rentable Area at any time to give effect to any structural or other change in the Building which affects the Total Rentable Area and which adjusted Total Rentable Area has been certified by an independent qualified surveyor employed by J.E. Anderson & Associates or such other independent qualified surveyor designated by the Landlord from time to time with whom the Tenant has no reasonable objection, in a certificate addressed to the Landlord and the Tenant.

(c) All Rent will accrue from day to day, and if for any reason it is necessary to calculate Rent for less than one year or one month, an appropriate adjustment will be made pro rata on a daily basis to compute the Rent for that irregular period.

4.3 Certification of Rentable Area.

The Rentable Area of the Premises and the Total Rentable Area shall be certified by an independent qualified surveyor employed by J.E. Anderson & Associates or such other independent qualified surveyor designated by the Landlord from time to time with whom the Tenant has no reasonable objection, in a written certificate addressed to the Landlord and the Tenant and delivered within 60 days after the Commencement Date and such certification shall, except for manifest error and except as to determinations of interpretation of this Lease, be binding on the parties hereto for all purposes of this Lease (including without limitation, any adjustments to Basic Rent, the calculation of the Tenant's Proportionate Share and the calculation of the Tenant Improvement Allowance). Following the certification of the Rentable Area of the Premises, the Rent shall be adjusted retroactive to the Commencement Date. Notwithstanding the foregoing, the Rentable Area of the Premises shall not, in any

event, be increased by more than one percent of the estimated 18,615 square feet of Rentable Area of the Premises.

4.4 Additional Rent

.

(a) Additional Rent consists of:

(i) the Tenant's Proportionate Share of the Operating Costs;

(ii) the Tenant's Proportionate Share of Taxes;

(iii) the HVAC Cost allocated to the Premises as set out in paragraph 5.1;

(iv) the costs of all utilities as provided in paragraph 9.1; and

(v) all other sums of money required under this Lease to be paid to the Landlord by the Tenant whether or not designated as Additional Rent other than Basic Rent.

(b) In each Lease Year the Tenant will pay as Additional Rent, and discharge when they become payable, all taxes, rates, duties and assessments and other charges that may be levied, rated, charged or assessed against the Leasehold Improvements (including, without limitation, trade fixtures) and furniture, equipment or facilities of the Tenant on or comprising part of the Premises, and every tax and licence fee in respect of every business or activity conducted on or from the Premises, or in respect of their use or occupancy by the Tenant and every assignee, subtenant, licensee or other person conducting business on or from the Premises, whether they are charged by a municipal, provincial, federal, school or other body and whether separately assessed by such authority or allocated by the Landlord, acting reasonably;

(i) The Tenant will indemnify and save harmless the Landlord against payment for all losses, costs, charges, expenses and other liabilities arising from all the taxes, rates, duties, assessments and licence fees referred to in this paragraph 4.4(b) and all taxes which may in the future be levied in lieu of them, and any losses, costs, charges and expenses suffered by the Landlord may be recovered by the Landlord in the same manner as Rent in arrears; and

(ii) On request of the Landlord the Tenant will deliver promptly to the Landlord receipts for payment of all taxes, rates, duties, assessments and other charges in respect of all Leasehold Improvements, trade fixtures, furniture, equipment and facilities of the Tenant on the Premises which were payable up to 1 year prior to the request, and will also deliver before the 21st day of January in each year to the Landlord if requested, evidence satisfactory to the Landlord of payment of all of them for the last preceding calendar year.

(c) If any of the amounts referred to in paragraphs 4.4(a) or 4.4(b) is not paid at the time required under this Lease, it will be collectible as Additional Rent with the next instalment of Rent falling due, but nothing in this Lease suspends or delays the payment of any amount of money when it becomes payable, or limits any other remedy of the Landlord.

(d) The Tenant will pay to the Landlord GST as required under this Lease, and if there is no specific provision relating to a payment of GST, the following applies:

(i) GST will be paid either at the same time and in the same manner as monthly payments of Rent are payable, or at the time the taxing authority in respect of GST requires them to be paid by the Landlord or the Tenant, whichever is earlier;

(ii) if a specific assessment of GST is unknown for whatever reason or the Landlord has not estimated a monthly payment of GST, under paragraph 4.4(d)(iii) and any amount of GST is not paid in accordance with this Lease, then the Tenant will pay the amount of GST to the Landlord within 5 business days of receipt of notice from the Landlord specifying the amount of the GST;

(iii) the Landlord will, acting reasonably, estimate the amount of GST to be paid in advance with monthly payments of Rent for the period to which the estimate applies; and any necessary adjustment after the period in question will be made in the same manner as Additional Rent. All GST will be calculated and paid without regard to any input tax credits, set-offs, exceptions, exemptions or deductions to which the Landlord is or may be entitled. All payments of GST will be collectible as Additional Rent and the Landlord will have the same rights and remedies for nonpayment of GST as it has for nonpayment of Rent.

4.5 Payment of Additional Rent

.

(a) Whenever the Tenant is to pay an amount of money referable to a period of time wholly or partly within a Lease Year the Landlord will, acting reasonably, estimate the amount payable by the Tenant before the beginning of the Lease Year and the Tenant will pay to the Landlord that amount in equal consecutive monthly instalments in advance during the Lease Year with the other Rent payments provided for in this Lease. The Landlord may reasonably adjust its estimates and the amount payable by the Tenant from time to time during the Lease Year.

(b) Within 90 days after the end of each Lease Year the Landlord will make a final determination of the Tenant's Proportionate Share of the Operating Costs for the Lease Year, the Tenant's Proportionate Share of Taxes for the Lease Year, and will furnish the Tenant with a statement of the Operating Costs, Taxes, utilities and HVAC Costs attributable to the Premises for the relevant financial year or years of the Landlord, and all other amounts referred to in paragraph 4.4 paid or payable for any relevant period and in each case the amount of such costs payable by the Tenant relating to the Lease Year and showing in reasonable detail the information necessary for the determination of the costs and the calculation of the Tenant's allocated portion or Tenant's Proportionate Share of the amount.

(c) If the amounts determined under paragraph 4.5(b) exceed the sum of the instalments paid by the Tenant for the relevant period, the Tenant will pay to the Landlord as Additional Rent within 30 days after the date of delivery of the statement by the Landlord the excess without interest or, if the sum of the instalments paid by the Tenant during the preceding Lease Year exceed the amounts calculated under paragraph 4.5(b), the Landlord will credit the Tenant, without interest, with the amount against the next ensuing payments due by the Tenant under paragraph 4.5(a), and if there are no ensuing payments the amount will be paid to the Tenant immediately, without interest.

4.6 Method of Payment

. The Tenant shall pay the Landlord by way of electronic funds transfer amounts equal to the monthly payments for Basic Rent and Additional Rent, as estimated by the Landlord, such payments to be made on the dates that they accrue due under this Lease.

4.7 Dispute as to Costs

. The Landlord shall keep all records relating to any expenditure included within the definition of Operating Costs or Taxes for a period of 48 calendar months following the end of the Lease Year in which such expenditure was incurred, and such records shall be made available to the Tenant upon request at no cost to the Tenant. Any dispute with respect to the Landlord's final determination of the Tenant's Proportionate Share of Operating Costs or the Tenant's Proportionate Share of Taxes or any other sums payable under this Lease shall be resolved by the parties through consultation in good faith within **[redacted]**. However, if the dispute cannot be resolved within such **[redacted]**period, the parties shall submit the disputed matter to an independent chartered accountant, selected by both the Landlord and the Tenant, both acting reasonably, who shall audit such costs and expenses in dispute and whose decision shall, except for manifest error and except as to determinations of interpretation of this Lease, be final and binding on the parties. If there is a variance of three percent or more between the decision of the chartered accountant and the Landlord's final determination of the costs and expenses in dispute, the Landlord shall pay the costs of such audit and shall credit any overpayment toward the next Rent payment due. If there is a variance of less than three percent between the decision of the chartered accountant and the Landlord's final determination of such costs and expenses in dispute, the Tenant shall pay the costs of such audit.

4.8 Security Deposit

. Intentionally deleted.

Part 5

ALLOCATIONS OF HVAC COSTS AND ELECTRICAL COSTS

5.1 Allocation of HVAC Costs

. The HVAC Costs relating to all of the premises will be allocated by the Landlord among all tenants of the Building proportionately on the basis of the Rentable Areas of their respective premises. If there is a dispute as to the amount or the items included in calculating the HVAC Costs attributable to the Premises, a certificate of an independent qualified mechanical engineer employed by Avalon Mechanical Consultants Ltd. or such other independent qualified mechanical engineer designated by the Landlord from time to time with whom the Tenant has no reasonable objection (whose fee will be borne equally by the Landlord and the Tenant), verifying the costs for the period covered by the certificate will, except for manifest error and except as to determinations of interpretation of this Lease, be conclusive.

5.2 Allocation of Electrical Costs

. If the electrical consumption and other electrical costs of the Tenant on the Premises are not separately metered and charged, the Landlord will cause a calculation of the electrical costs attributable to the Premises to be made in accordance with good engineering practices which will be the basis of the Landlord's invoice. If there is a dispute as to the amount, a certificate of an independent qualified electrical engineer employed by AES Engineering Ltd. or such other independent qualified electrical engineer designated by the Landlord from time to time with whom the Tenant has no reasonable objection (whose fee will be borne equally by the Landlord and the Tenant), verifying the costs for the period

covered by the certificate will, except for manifest error and except as to determinations of interpretation of this Lease, be conclusive.

Part 6

USE OF PREMISES AND TENANT COVENANTS

6.1 Permitted Business

. The Tenant will use the Premises solely for general office purposes and any other purposes directly related thereto as permitted by applicable zoning, and the Tenant will not use the Premises or permit them to be used for any other purpose without the Landlord's prior written consent. Without limiting the foregoing, the Tenant will not use the Premises for an unlawful purpose.

6.2 Conduct of Business

. The Tenant will conduct its business in the Premises in a first class and reputable manner befitting the Building and consistent with good business practice.

6.3 Display of Name of Tenant

. The Tenant will be permitted to display its name on the directory listing board located in the main lobby of the Building (if such a directory board is provided by the Landlord) and on the exterior side of the entry door to the Premises using the Building standard identification format and materials. Each sign or lettering will contain only the name of the Tenant and will be subject to the approval of the Landlord with respect to design, size and specific location. All signage will be installed at the expense of the Tenant and the Landlord reserves the right to install the signage as an Additional Service. Other than as otherwise specifically contemplated in Schedule 4, the Tenant will not be permitted to erect any additional signage, unless it obtains the prior written approval of the Landlord.

6.4 No Canvassing

. The Tenant will not permit any canvassing, soliciting or peddling related to its business in the Building.

6.5 Operations by Tenant

.

(a) Without limiting the generality of its other obligations under this Lease, the Tenant will operate the Premises in a good, efficient and business-like manner and will keep the Premises neat and clean.

(b) In regard to the use and occupancy of the Premises, the Tenant will at its expense:

(i) maintain the Premises in a clean, orderly and sanitary condition and free of insects, rodents, vermin and other pests,

(ii) keep any garbage, trash, rubbish or other refuse in suitable containers within the interior of the Premises until removed and will permit removal of garbage, trash, rubbish or other refuse on a daily basis,

(iii) intentionally deleted,

(iv) keep all mechanical apparatus free of vibration and noise which may be transmitted beyond the Premises,

(v) comply with all laws, ordinances, rules and regulations of governmental authorities concerning or related to the Building or the Premises, or any of them, including without limitation, those dealing with the construction, repair, maintenance, operation, use and occupancy of the Premises and those referred to in paragraph 13.2(a),

(vi) comply with all rules and regulations and policies established by the Landlord from time to time for the Building of which the Tenant has been notified in writing, provided that such rules and regulations and policies shall not (A) discriminate against the Tenant, (B) materially or unreasonably interfere with or restrict the Tenant's conduct of its business or the Tenant's use or enjoyment of the Premises, or (C) derogate from any of the Tenant's rights under this Lease,

(vii) not permit any machines selling merchandise, food, beverages or other goods or services or entertainment,

(viii) comply with all reasonable requests and demands of the Landlord relating to energy conservation in the Building, provided that such requests and demands shall not discriminate against the Tenant,

(ix) intentionally deleted,

(x) not place or maintain any merchandise, trash, refuse or other articles in any vestibule or entry of the Premises, on the footwalks or corridors adjacent thereto or elsewhere on the exterior of the Premises so as to obstruct any part of the Common Areas and Facilities,

(xi) not cause or permit odours, gases, dust, fumes, vapours, steam or water to emanate from the Premises,

(xii) not install or allow on the Premises or anywhere in the Building or the Land any transmitting device, aerial, antenna, communications system or satellite receiver or transmitter, or

(xiii) not receive or ship articles of any kind except in the designated loading areas and in accordance with the Landlord's regulations.

6.6 Relocation of the Premises

. Intentionally deleted.

6.7 Energy Conservation

. The Tenant covenants with the Landlord:

(a) that the Tenant will cooperate with the Landlord in the conservation of all forms of energy in the Building, including without limitation the Premises;

(b) that the Tenant will comply with all laws, by-laws, regulations and orders relating to the conservation of energy and affecting the Premises or the Building;

(c) that the Tenant will at its own cost and expense comply with all reasonable requests and demands of the Landlord made with a view to such energy conservation provided that such requests are made in accordance with good management practice and would be made by a prudent owner of like property of like age, and provided further that such requests and demands shall not discriminate against the Tenant; and

(d) that any and all costs and expenses paid or incurred by the Landlord in complying with such laws, by-laws, regulations and orders, so far as the same will apply to or reasonably be apportioned to the Building by the Landlord, will be included in the Landlord's Operating Costs for the purposes of paragraph 1.1(bb).

The Landlord will not be liable to the Tenant in any way for any loss, costs, damages or expenses whether direct or consequential paid, suffered or incurred by the Tenant as a result of any reduction in the services provided by the Landlord to the Tenant or to the Building as a result of the Landlord's compliance with such laws, by-laws, regulations or orders.

6.8 Alterations made by Landlord

. Where the Landlord is required by law or a competent authority to make alterations to the Premises as a result of a change in applicable laws that occurs from and after the Commencement Date, then in each year of the Term after completion of such alterations (but not after the cost thereof has been repaid to the Landlord), the Tenant will pay to the Landlord not less than the current amortized portion, calculated on a straight line basis over the useful life of all costs to the Landlord of making such alterations, and if the Landlord is required to make similar alterations to other portions or areas of the Building the cost of so doing will be reasonably apportioned by the Landlord to each of the premises.

Part 7

USE OF COMMON AREAS AND FACILITIES

7.1 Non-exclusive Use

. The Tenant and its officers, employees, customers and other invitees, in common with others designated by the Landlord, or otherwise entitled, shall have a non-exclusive license, irrevocable during the Term (but subject to any Landlord remedies for Tenant default contemplated hereunder), to use the Common Areas and Facilities at all times during the day and night for the purposes from time to time permitted or designated by the Landlord, acting reasonably, but subject to the exclusive management and control of the Common Areas and Facilities by the Landlord.

7.2 Management and Control by Landlord

.

(a) The Landlord has the exclusive right to manage and control the Building, and from time to time to establish, modify and enforce reasonable rules and regulations regarding the use, maintenance and operation of the Building generally, and the Common Areas and Facilities specifically, and the Tenant, its officers, employees, customers and other invitees will observe the rules and regulations of which the Tenant has been notified in writing, provided that such rules and regulations and policies shall not (i) discriminate against the Tenant, (ii) materially or unreasonably interfere with or restrict the Tenant's conduct of its business or the Tenant's use or enjoyment of the Premises, or (iii) derogate in any material way from any of the Tenant's rights under this Lease,

(b) Without limitation, the Landlord has the right in the management and control of the Building and the Land to:

(i) construct, maintain and operate lighting facilities and heating, ventilating, humidity control and air conditioning and energy conservation systems,

(ii) supervise and police the Common Areas and Facilities,

(iii) temporarily or permanently close off all or part of the Common Areas and Facilities at such times as in the reasonable opinion of the Landlord are advisable, and provided, in the case of permanent changes, the tenants of the Building are not materially, adversely affected thereby,

(iv) convey, modify and terminate easements or other rights pertaining to the use or maintenance of all or part of the Building, so long as access to and from the Building is not materially and adversely affected,

(v) close off all or part of the Building for maintenance, repair, reconstruction or construction, but the Landlord will use reasonable efforts to minimize the period of closure and any material interference with the operation of the Tenant's business at the Building,

(vi) employ all persons including supervisors and managers required for the management and control of the Building and the Tenant acknowledges that the Building may be managed by the Landlord or such other person or persons as the Landlord from time to time designates,

(vii) designate the entrances, areas and times where and when loading of goods is to be done,

(viii) at the Tenant's cost, supervise and regulate the delivery and shipping of merchandise, supplies, furniture and fixtures to and from the Premises in such manner as in the sole judgment of the Landlord is necessary for the proper operation of the Premises and the Building,

(ix) designate the kind of container to be used for garbage and waste and the manner and the times and places at which it will be placed for collection,

(x) change from time to time the area, level, location, arrangement or use of any part or parts of the Common Areas and Facilities, but not if a change results in a material and permanent interference with access to the Premises by the Tenant's licensees and a material interference with the operation of the Tenant's business,

(xi) subdivide and sell portions of the Land provided that such action does not result in a material and permanent interference with access to the Premises by the Tenant and a material interference with the operation of the Tenant's business,

(xii) make alterations to, construct additional improvements to or demolish portions of the Building, and

(xiii) do such other acts with reference to the Building as the Landlord considers advisable with a view to improving the usefulness and convenience of the Common Areas and Facilities for the Tenant and others entitled to use them.

In exercising its rights under this paragraph 7.2, the Landlord will not materially adversely affect the Tenant's access to and from the Premises, the Building or the Land, the Landlord will not materially adversely affect the Tenant's use and enjoyment of the Premises, and the Landlord will use reasonable commercial efforts to minimize any inconvenience to the Tenant or interference with the operation of the Tenant's business at the Building.

7.3 Parking

. The Tenant acknowledges that the parking areas located on the Land or serving the Building are not part of the Common Areas and Facilities and the Landlord will not be required to directly manage any parking area on the Land or serving the Building for the benefit of tenants or their invitees or make available parking for the benefit of the Tenant or its invitees, except as may be set out in Schedule 4.

Part 8

REPAIR

8.1 Landlord's Repair

. The Landlord will, subject to the Tenant's compliance with this Lease, receipt by the Landlord of insurance proceeds under its various policies of insurance in respect of the Building and the provisions of paragraph 8.4, at all times during the Term, keep the Common Areas and Facilities in a reasonable state of repair, as a prudent owner of a reasonably similar commercial development would do, having regard to the size, age and location of the Building, including but not limited to foundations, roofs, exterior walls (excluding fronts of premises and glass in premises set aside by the Landlord for leases to tenants of the Building), structural sub-floors, bearing walls, columns, beams and other structural elements thereof, and the systems provided for bringing utilities to the Premises.

8.2 Tenant's Repair

. The Tenant will at its cost, subject to paragraph 8.4:

(a) keep the Premises in good and substantial state of repair to the standards of first class premises, including all Leasehold Improvements and all furniture, equipment and other facilities (including, without limitation, wiring, piping, lighting and plumbing fixtures, operating equipment and those portions of the plumbing, sprinkler and HVAC systems which are not part of the Common Areas and Facilities) located on, in, under, above or which directly serve the Premises, all glass and utilities in the Premises, but with the exception of structural elements of the Premises and reasonable wear and tear excepted;

(b) upon reasonable notice by the Landlord to the Tenant (not less than 48 hours), except in emergency situations where no notice will be required, permit the Landlord to enter and view the state of repair, and repair as required above, according to notice in writing, and leave the Premises in a good and substantial state of repair as required above; and

(c) if any part of the Building, including, without limitation, structural elements thereof and any part of the Common Areas and Facilities, becomes damaged or destroyed through the wilful act, negligence, or omission of the Tenant or any of its officers, employees, customers or other invitees, reimburse the Landlord for the cost of repairs or replacement promptly upon demand.

8.3 Abatement of Rent

. If there is damage to the Premises, or the Building, which prevents use of or access to the Premises or the supply of services essential to the Premises and if the damage is such that the Premises or a part of the Premises is rendered not reasonably capable of use by the Tenant for the conduct of its business for a period of time exceeding **[redacted]**,

(a) unless the damage was caused by the negligence of the Tenant or an assignee, subtenant, concessionaire, licensee or an officer, employee, customer or other invitee of any of them, the Basic Rent for the period beginning on the occurrence of the damage until at least a substantial part of the Premises is again reasonably capable of use and occupancy for the purpose aforesaid will abate in the proportion that the area of the part of the Premises rendered not reasonably capable of use by the Tenant for the conduct of its business bears to the Rentable Area of the Premises; and

(b) unless this Lease is terminated under paragraph 8.4, the Landlord or the Tenant or both, as the case may be (according to the nature of the damage and their respective obligations to repair), will repair the damage with all reasonable diligence, but any abatement of Basic Rent to which the Tenant is entitled under this paragraph will not extend beyond the date by which, in the reasonable opinion of the Landlord, the Tenant should have completed its repairs with reasonable diligence after the Landlord's repairs have been completed.

8.4 Termination in Event of Damage

.

(a) The Landlord, by written notice to the Tenant given within 60 days of the occurrence of catastrophic damage to the Building, may terminate this Lease:

(i) if the Building is damaged by any cause and in the reasonable opinion of the Landlord either cannot be repaired or rebuilt with reasonable diligence within 180 days after the occurrence of the damage; or

(ii) if the Premises are damaged by any cause and the damage is such that the Premises or a substantial part of the Premises are rendered not reasonably capable of use by the Tenant for the conduct of its business and in the reasonable opinion of the Landlord cannot be repaired or rebuilt with reasonable diligence by 6 months before the end of the Term.

(b) The Tenant, by written notice to the Landlord given within 60 days of the occurrence of the damage, may terminate this Lease if the Premises are damaged by any cause and the damage is such that the Premises or a substantial part of the Premises are rendered not reasonably capable of use by the Tenant for the conduct of its business and in the reasonable opinion of the Landlord cannot be repaired or rebuilt with reasonable diligence by 6 months before the end of the Term.

(c) If this Lease is terminated under either (a) or (b) above, neither the Landlord nor the Tenant will be bound to repair as provided in paragraphs 8.1 and 8.2, and the Tenant will deliver up possession of the Premises to the Landlord with reasonable speed but in any event within 60 days after the giving of the notice of termination, and all Rent will be apportioned and paid to the date on which possession is delivered up, subject to any abatement to which the Tenant may be entitled under paragraph 8.3, but otherwise the Landlord or the Tenant or both, as the case may be (according to the nature of the damage and the respective obligations to repair under paragraphs 8.1 and 8.2) will repair

the damage with all reasonable diligence and, without limiting the foregoing, the Tenant will restore or reconstruct all Tenant's Work.

8.5 Certificate of Architect

. If the Premises or the Building are damaged and there is a dispute as to the length of time required to repair or rebuild the Building or the Premises, or as to the cost of repairing or rebuilding the Building, or as to whether the Premises or a substantial part of the Premises are rendered not reasonably capable of use by the Tenant for the conduct of its business or have once again become capable of such use, the parties shall submit the disputed matter to the Architect whose fee shall be borne equally by the Landlord and the Tenant and whose decision shall, except for manifest error and except as to determinations of interpretation of this Lease, be final and binding on the parties.

8.6 Diligence and Quality

. All repairs to be done by either the Landlord or the Tenant will be commenced as soon as reasonably practicable and completed diligently and in a good and workmanlike manner.

8.7 Landlord's Approval

.

(a) Before commencing any repairs, replacements, maintenance, alteration, decoration or improvements set out above, or elsewhere referred to in this Lease, which are reasonably estimated by the Tenant to cost in excess of **[redacted]**the Tenant will obtain the Landlord's written approval and will, if reasonably required by the Landlord to do so, submit plans and specifications therefor. The Tenant will pay to the Landlord a charge for review of its plans and specifications as provided in paragraph 15.1(e).

(b) The Tenant will not in any event make any alterations to the structure of any portion of the Building or to exterior walls or the mechanized systems of the Building.

(c) The Tenant will supply the Landlord with copies of all plans prepared for the Tenant for any work done to the Premises.

8.8 Landlord's Right to do Tenant's Repair

. If the Tenant refuses or neglects to repair properly as required hereunder the Landlord may give written notice to the Tenant of such required repairs and if the Tenant has not, within 20 days after receiving such notice, made such required repairs (or, if the required repairs reasonably require a longer period to complete, if the Tenant has not commenced such required repairs within the 20 day period and thereafter does not diligently pursue the repairs to completion), then the Landlord may make such repairs without liability to the Tenant (except for the Landlord's wilful misconduct or negligence or the wilful misconduct or negligence of other parties for whom the Landlord is responsible in law) for any loss or damage that may accrue to the Tenant's merchandise, fixtures, or other property or to the Tenant's business by reason thereof, and upon completion thereof, the Tenant will pay the Landlord's actual reasonable costs in the circumstances plus **[redacted]** of such costs, for making such repairs, immediately upon presentation of an invoice for such costs.

Part 9

UTILITIES AND ADDITIONAL SERVICES

9.1 Utilities

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(a) The Landlord will furnish building standard ducts for bringing telephone service to the Premises and will provide tempered and cold water to washrooms for the Tenant's use in common with others entitled to such use.

(b) If directed by the Landlord, the Tenant will pay directly to the supplier when due all charges for any utilities separately metered and invoiced for the Premises. The Landlord will not be required to arrange for or assist in obtaining separate metering for any utilities supplied to the Premises.

(c) For all utilities not so separately metered and invoiced the Tenant will pay its share of all costs for them as allocated by the Landlord under this Lease or otherwise as part of Operating Costs.

9.2 Limitation of Liability

. The Landlord will not be liable to the Tenant in damages or otherwise for an interruption or failure in the supply of utilities or services to the Premises (except for an interruption or failure arising from or out of the Landlord's wilful misconduct or negligence or the wilful misconduct or negligence of other parties for whom the Landlord is responsible in law) but the Landlord will use diligent efforts to secure the re-supply of that utility or service.

9.3 Tenant not to Overload Utility and Service Facilities

. The Tenant will not install equipment that will exceed or overload the capacity of utility or service facilities and if, in the opinion of the Landlord, acting reasonably, equipment installed by the Tenant requires additional facilities, they will be installed at the Tenant's expense in accordance with plans and specifications approved by the Landlord prior to installation. The Landlord reserves the right to install such additional equipment at the Tenant's expense, which will not exceed 15% of the cost of the additional equipment.

9.4 Additional Services

. The Landlord at its election will have the exclusive right, by way of Additional Services, to provide or have its designated agents or contractors provide any janitor or cleaning service to the Premises required by the Tenant which are additional to those required to be provided by the Landlord under paragraph 20.4 including Additional Services which the Landlord agrees to provide by arrangement and to supervise the moving of furniture or equipment of the Tenant and the making of repairs or alterations conducted within the Premises, and to supervise or make deliveries to the Premises. The cost of Additional Services (including an administration fee of 15% of such costs) will be paid to the Landlord by the Tenant from time to time promptly upon receipt of invoices therefor from the Landlord. The cost of Additional Services charged directly to the Tenant and other tenants will be credited in computing Operating Costs to the extent that they would otherwise have been included.

9.5 Extra Operating Costs

. The Tenant will pay to the Landlord in the manner in which Operating Costs are paid from time to time hereunder any and all additional costs and expenses of the Landlord which may arise in respect of the use by the Tenant of the Premises for business hours that do not coincide with Normal Business Hours for the Building generally or that may arise in respect of extra heating, ventilating and air-conditioning supply, electrical supply and other services which are required to be provided to the Tenant as a result of its

activities over and above those normally provided to tenants of the Building or outside of Normal Business Hours. The Landlord reserves the right to install at the Tenant's expense meters to check the Tenant's consumption of electricity, water or other utilities.

Part 10

SUBORDINATION, ATTORNMENT AND STATUS STATEMENT BY TENANT

10.1 Subordination and Attornment

. This Lease is subordinate to every Mortgage existing as of the date of this Lease. The Tenant will subordinate this Lease to every Mortgage that comes into being after the date of this Lease and execute promptly and in registrable form a document in confirmation of the subordination if requested by the Landlord, in which the Tenant also will agree with the Mortgagee that if the Mortgagee becomes a mortgagee in possession or takes action to realize the security of the Mortgage the Tenant will attorn to the Mortgagee as a tenant upon all the terms of this Lease, provided however that is shall be a condition of the Tenant's agreement to subordinate this Lease and attorn to any future Mortgagee that the Mortgagee agrees in writing to accept the attornment and permit the Tenant, if not in default, to continue in occupation of the Premises without interruption or disturbance from the Mortgagee until this Lease is terminated by the passage of time or by action taken because of a default of the Tenant under this Lease.

10.2 Status Statement

. At any time and from time to time within 10 days after a written request by the Landlord, the Tenant will execute, acknowledge and deliver to the Landlord or an assignee, Mortgagee, proposed buyer or other person as the Landlord designates, a certificate in a form and content reasonably requested by the Landlord to include, without limitation, statements that:

(a) this Lease is unmodified and in force in accordance with its terms (or if there have been modifications, that this Lease is in force as modified, and identifying the modifications, or if this Lease is not in force, that it is not) and that the Tenant is in possession of the Premises;

(b) the commencement date and expiry date of this Lease;

(c) the date to which Rent has been paid with particulars of any prepayment of Rent;

(d) whether or not there is an existing default by the Tenant in the payment of Rent or any other sum of money under this Lease, and whether or not there is any other existing default by any party under this Lease concerning which a notice of default has been given, and if there is any, specifying its nature and extent; and

(e) whether or not there are any set-offs, defences or counterclaims against the enforcement of the obligations of the Tenant under this Lease.

Part 11

INSURANCE AND INDEMNITY

11.1 Landlord's Insurance

. The Landlord will take out and keep in force:

(a) all risks, property insurance on the Building and comprehensive boiler and machinery insurance on the equipment contained therein and owned by the Landlord (excluding any property required to be insured by the Tenant or other tenants), which insurance will be endorsed to cover the full replacement value of the Building, all in such reasonable amounts and with reasonable deductibles as determined by the Landlord, having regard to the size, age and location of the Building;

(b) intentionally deleted; and

(c) intentionally deleted.

The cost of insurance obtained under paragraph 11.1 will be included in Operating Costs. In spite of any contribution by the Tenant to the cost of the Landlord's insurance and the Landlord's covenants under this Part 11, the Tenant is not relieved of any liability arising from or contributed to by its acts, fault, negligence or omissions and no insurable interest is conferred on the Tenant under any policies of insurance carried by the Landlord nor does the Tenant have a right to receive any proceeds thereunder.

11.2 Tenant's Insurance

. The Tenant, at its expense, will maintain, throughout the Term and any period when it is in possession of all or any portion of the Premises, the insurance ("Insurance") described in this paragraph 11.2. The Tenant will cause each insurance policy to be (i) primary, non-contributing with, and not excess of, any other insurance available to the Landlord or the Mortgagee, (ii) contain a prohibition against cancellation or material change that reduces or restricts the Insurance (except on **[redacted]**prior written notice to the Landlord), (iii) in those instances in which the Landlord and the Mortgagee are insureds, contain a waiver in respect of the interests of the Landlord and the Mortgagee of any provision in any such insurance policies concerning any breach or violation of any warranties, representations or conditions in such policies, and (iv) be in a form and with insurers satisfactory to the Landlord and the Mortgagee. The Insurance is as follows:

(a) all risks (including flood, sewer and drain back-up, earthquake and sprinkler leakage) property insurance on insurable property including, without limitation, merchandise, furniture, fixtures and Leasehold Improvements, to the full replacement value thereof, on a stated amount coinsurance basis, with a deductible as may be approved by the Landlord;

(b) broad comprehensive boiler and machinery insurance on all objects owned or operated by the Tenant or others on behalf of the Tenant in the Premises;

(c) business interruption insurance providing coverage for 12 months loss of insurable gross earnings or profits including coverage not in excess of 2 weeks while access to the Premises is prohibited by order of governmental authority as a direct result of damage to neighbouring premises by a peril insured against;

(d) commercial general liability insurance concerning the Premises and the business conducted by the Tenant and any other persons in or from the Premises with inclusive limits of **[redacted]**per occurrence. This insurance will include, without limitation, owners' protective, products, completed operations, intentional acts to protect persons or property, personal injury, contingent employers' liability, and occurrence property damage.

It will name the Landlord and the Mortgagee as additional insureds and will contain cross liability and severability of interests provisions;

(e) Tenant's legal liability insurance in the amount of **[redacted]**, including loss of use;

(f) all licensed vehicles operated by or on behalf of the Tenant will be insured by the Insurance Corporation of British Columbia, each with inclusive limits of not less than **[redacted]**; and

(g) any other form of insurance and with whatever higher limits that the Landlord or the Mortgagee reasonably requires from time to time.

11.3 Waiver of Subrogation, Cross-Liability, Co-Insurance

. Any policy of insurance under paragraphs 11.2(a), (b) and (c) will:

(a) name the Landlord as a loss payee and contain a waiver of subrogation against the Landlord and its employees and agents or the Mortgagee, except in the case where the loss or damage is caused by the wilful misconduct or negligence of the Landlord, its employees, agents or any other party for whom the Landlord is responsible in law;

(b) except concerning the Tenant's stock-in-trade, and furniture, incorporate the standard mortgage clause of the Mortgagee;

(c) cover all property owned by the Tenant or for which the Tenant is legally liable, located within the Building, including, without limitation, the Tenant's Work and the Leasehold Improvements, in an amount not less than the full replacement cost thereof, including by-laws extension, which will be reviewed at least annually by the Tenant and will be subject to the approval of the Landlord.

11.4 Proceeds of Tenant's Insurance

. Intentionally deleted.

11.5 No Alienation of Proceeds

. Intentionally deleted.

11.6 Landlord's Right to Insure for Tenant

. If the Tenant fails to take out or keep in force any such Insurance, the Landlord will on not less than 48 hours written notice to the Tenant have the right, but not the obligation, to do so and to pay the premium therefor and in such event the Tenant will repay to the Landlord the amount so paid by the Landlord as Additional Rent, payable on the first day of the next month following the payment by the Landlord, but if the Tenant cures that failure the Landlord will secure cancellation of the insurance taken out by the Landlord at the Tenant's cost.

11.7 Limitation of Liability

. The Landlord will not be liable to the Tenant in respect of any loss, injury or damage to the Tenant or any other person for any loss, injury or damage arising from or out of any occurrence in, upon, at or relating to the Building or the Land or any part of either of them or any loss or damage to property (including loss of use thereof) of the Tenant or any other person located in the Building or on the Land, howsoever caused and whether or not any injury, loss, or damage results from any fault, default, act or

omission of the Landlord, or its agents, servants, employees or any other person for whom the Landlord is in law responsible, except to the extent that such loss, injury or damage to the Tenant or any other person arises from or out of the Landlord's wilful misconduct or negligence or the wilful misconduct or negligence of any other party for whom the Landlord is responsible in law. Without limiting the generality of the foregoing, the Landlord is not liable for death, injury, loss or damage of or to persons or property resulting from fire, explosion, falling plaster, steam, gas, electricity, water, rain or snow or leaks from any part of the Building or from the pipes, appliances or plumbing works or from the roof, street or sub-surface or from any other place or by dampness or by any other cause of any kind, except to the extent that such death, injury, loss or damage of or to persons or property arises from or out of the Landlord's wilful misconduct or negligence or the wilful misconduct or negligence of any other party for whom the Landlord is responsible in law. The intent of this paragraph is that the Tenant and any persons having business with the Tenant is to look solely to the Tenant's insurers to satisfy any claims which may arise on account of injury, loss or damage to the Tenant or any other person or to the property of the Tenant or of any other person, irrespective of the cause, except to the extent the same arises from or out of the Landlord's wilful misconduct or negligence or the wilful misconduct or negligence of any other party for whom the Landlord is responsible in law.

11.8 Indemnification of Landlord

. The Tenant will indemnify the Landlord and save it harmless from and against all claims, actions, damages, liabilities, costs and expenses in connection with loss of life, personal injury or damage to property arising from any occurrence on the Premises, or the occupancy or use of the Premises, or occasioned wholly or in part by an act or omission of the Tenant, its officers, employees, agents, customers, contractors or other invitees, licensees or concessionaires or by anyone permitted by the Tenant to be on the Premises, except to the extent the same arises from or out of the Landlord's wilful misconduct or negligence or the wilful misconduct or negligence of any other party for whom the Landlord is responsible in law.

11.9 Tenant's Contractor's Insurance

. The Tenant will require any contractor performing work on the Premises on behalf of the Tenant to carry and maintain, at no expense to the Landlord, comprehensive general liability insurance and other insurance in amounts and on terms reasonably determined by the Landlord and provide the Landlord with satisfactory proof of that insurance from time to time.

11.10 Acts Conflict With or Increase Insurance

.

(a) The Tenant will not do, or omit to do, anything, or keep, use, sell or offer for sale on or from the Premises anything that may contravene any of the Landlord's policies of insurance relating to any part of the Building or the Land, or which will prevent the Landlord from procuring policies of insurance with companies acceptable to the Landlord. The Tenant will pay all increases in premiums for any insurance carried by the Landlord insuring any part of the Building or the Land, resulting from anything done or omitted to be done on the Premises, whether or not the Landlord has consented to them. In determining whether increased premiums result from any of those causes, a schedule issued by the organization making the insurance rate on the Premises showing the various components of the rate will be conclusive evidence of the several items and charges which make up the insurance rates relating to the Building and the Premises.

(b) If the use or occupancy of the Premises causes an increase of premium for any of the policies insuring the Premises or any part of the Building above the rate applicable for the least hazardous type of use or occupancy legally permitted in the Premises, the Tenant

will pay the amount of the increase. The Tenant will also pay in that event any additional premium for rental income insurance carried by the Landlord for its protection against rent loss through an insured risk. Bills for the increases and additional payments may be rendered by the Landlord to the Tenant when the Landlord elects, and will be payable by the Tenant when rendered.

(c) The Tenant will not do or permit to be done, or omit to do or permit another person to omit to be done, any act which may render void or voidable, or which may conflict with, the requirements of any policy or policies of insurance relative to the Premises or the Land or the Building or any of them, including any regulations of fire insurance underwriters applicable to such policy or policies.

11.11 Cancellation of Insurance

. If any insurance policy on the Building or any part of it is cancelled, or threatened by the insurer to be cancelled, or the coverage is reduced or threatened to be reduced by the insurer, because of the use or occupation of the Premises, and if the Tenant fails to remedy the condition giving rise to cancellation, threatened cancellation, reduction or threatened reduction of coverage within 5 days after notice from the Landlord, the Landlord may either:

(a) re-enter the Premises and Part 16 will apply;

(b) enter the Premises and remedy that condition, and the Tenant will pay to the Landlord the cost of doing so on demand as Additional Rent, and the Landlord will not be liable for damage or injury caused to property of the Tenant or others located on the Premises as a result of the entry or remedy; or

(c) terminate this Lease.

11.12 Tenant's Property at its Risk

. All property of the Tenant kept or stored in the Premises is at the risk of the Tenant.

11.13 Survival

. The provisions of paragraph 11.8 will survive the expiration or sooner termination of the Term.

Part 12

ASSIGNMENT AND SUBLETTING

12.1 Landlord's Consent

. The Tenant will not assign, mortgage, charge or encumber this Lease, in whole or in part, nor sublease all or any part of the Premises or permit them to be used or occupied by any other person (collectively "Transfer"), without the prior written consent of the Landlord, which consent may not be unreasonably withheld or delayed. Any Transfer made in violation of this Part 12 will be void.

12.2 Standards for Consent

. Without limiting the other instances in which it may be reasonable for the Landlord to withhold its consent to a Transfer, it will be fair and reasonable for the Landlord to withhold its consent or impose conditions to its consent in any of the following instances:

(a) if the Landlord determines, acting reasonably, that the financial condition of the proposed assignee, subtenant or occupant (collectively "Transferee") or any indemnifier of a Transferee is or may become insufficient to support all of the financial and other obligations of the Tenant under this Lease;

(b) if the use to which the Premises will be put by the proposed Transferee is inconsistent with the terms of this Lease or conflicts with any exclusive rights or covenants not to compete in favour of any other tenant or proposed tenant of the Building, or otherwise will materially or adversely affect any legitimate interest of the Landlord;

(c) if, at the time of the proposed Transfer,

(i) the Tenant is in default (or would be in default with the giving of notice by the Landlord and the expiration of any applicable cure period) under this Lease, and

(ii) the Landlord has not received assurances acceptable to the Landlord, in its sole discretion, that any past due amounts owing from the Tenant to the Landlord will be paid and any other defaults on the part of the Tenant will be cured prior to the effectiveness of the proposed Transfer;

(d) intentionally deleted;

(e) if the Transfer is not approved by any Mortgagee having the right to approve such Transfer; or

(f) if the Tenant has not received a bona fide, written offer to take an assignment or a sublease or has not supplied a copy of such offer to the Landlord at the time of requesting consent to a Transfer.

12.3 Terms and Conditions of Transfer

. The following terms and conditions apply in respect of any Transfer:

(a) the Landlord's consent to a Transfer, if granted, will not constitute a waiver of the requirement for the Tenant to obtain the Landlord's prior written consent to any subsequent Transfer;

(b) intentionally deleted;

(c) intentionally deleted;

(d) in spite of any Transfer, the Tenant will remain fully liable for and will not be released from the performance of each and every one of the obligations of the Tenant under this Lease for the balance of the Term and any renewal term, whether exercised by the Tenant or the Transferee. Without limitation, the foregoing applies whether or not the Transferee is in default of this Lease and whether or not this Lease is assigned by a trustee in bankruptcy of the Transferee. The Tenant is not relieved of liability for any breach of this Lease, whether occurring before or after the Transfer; and

(e) any Transfer will provide that the Transferee has the rights and is subject to the obligations, of the Tenant under this Lease, except as it may be amended by the terms of the consent.

12.4 Documentation for Transfer

. The Tenant will promptly execute and the Tenant will cause the Transferee to promptly execute such agreements and documents as are necessary, in the opinion of the Landlord, to complete the Transfer. No assignment will be made other than to a Transferee which undertakes to perform and observe the obligations of the Tenant under this Lease by entering into an assumption agreement directly with the Landlord. The Tenant will pay to the Landlord its reasonable expenses arising out of the request for consent to a Transfer and for the change in possession of the Premises, including, but not limited to, legal and other professional fees and costs incurred in connection with the negotiation, review, processing and completion of the Transfer.

12.5 Excess Consideration on Transfer

. If the Tenant completes a Transfer which requires the Transferee to pay rent or other consideration in respect of the Transfer, in any other form, to the Tenant in excess of the Rent payable by the Tenant under this Lease, the Tenant will, upon any such excess payments being received, pay to the Landlord **[redacted]** of those excess payments. In calculating the amount of excess payments by the Transferee to the Tenant, an appropriate adjustment will be made to account for any financial inducements and expenses paid by the Tenant to or for the benefit of the Transferee, at any time, with the intent that the Tenant's true costs of installing the Transferee are deducted before assessing the Landlord's 50% entitlement to any excess payments. The Tenant will immediately upon demand make available its books and records so as to enable the Landlord to verify the receipt or the amount of such consideration.

12.6 Landlord's Right to Terminate

. Intentionally deleted.

12.7 Assignment by Operation of Law

. The prohibition against Transfer without the consent required by this Part 12 will be construed to include a prohibition against any Transfer by operation of law.

12.8 Acceptance of Rent

. If this Lease, or any part of it, is assigned, or if all or part of the Premises is sublet or occupied by any party other than the Tenant, in any case without the consent of the Landlord, the Landlord may collect Rent from the assignee, subtenant or occupant, and apply the net amount collected to the Rent reserved in this Lease, but the assignment, sublease, occupancy or collection will not be considered a waiver of this covenant, or the acceptance of the assignee, subtenant or occupant as Tenant.

12.9 No Advertising

. The Tenant will not advertise the whole or any part of the Premises for lease nor permit any agent or broker to do so, unless the prior written approval of the Landlord, not to be unreasonably withheld or delayed, has been received.

12.10 Corporate Ownership

.

(a) If after the date of execution of this Lease shares either of the Tenant or of an Affiliate of the Tenant which Controls the Tenant are transferred or disposed of by operation of law or otherwise, or issued or redeemed, so as to result in a change in the Control of the Tenant from the person or persons holding Control on the date of execution of this Lease or if other steps are taken to accomplish a change of Control, the Tenant will promptly notify the Landlord in writing of the change, which will be considered to be an assignment of this Lease to which this Part 12 applies; and whether or not the Tenant notifies the Landlord, the Landlord may terminate this Lease within 60 days after the Landlord becomes aware of the change unless the Landlord previously had consented to the change. Any subsequent change of Control will similarly be subject to the prior written consent of the Landlord. The Tenant will make available to the Landlord or its lawful representative all corporate books and records of the Tenant and of any Affiliate of the Tenant for inspection at all reasonable times, to ascertain to the extent possible whether there has been a change in Control.

(b) Paragraph 12.10(a) will not apply to the Tenant if:

(i) the Tenant is a public corporation whose shares are listed for sale on a recognized North American stock exchange, or

(ii) the Tenant is a private corporation which is Controlled by a public corporation as defined in paragraph (i).

12.11 Time to Complete Transfer

. If the Landlord consents to a Transfer, the Tenant will have a period of 60 days thereafter to complete the Transfer, and failing which, the Landlord's consent, at the Landlord's option, will be null and void.

12.12 Remedy of the Tenant

. Intentionally deleted.

12.13 Assignment by Landlord

. If the Landlord sells or otherwise transfers an interest in the Building, the Land or in this Lease, in whole or in part, to the extent that the buyer or other party is responsible for compliance with the obligations of the Landlord under this Lease, the Landlord without further written agreement will be released from all of its obligations in this Lease.

12.14 Permitted Transferee

. Notwithstanding any other provision of this Lease to the contrary, the Tenant may assign this Lease or sublet the Premises without the consent of, but with prior written notice to, the Landlord, at any time and from time to time during the Term, to:

(a) a parent, subsidiary, affiliate or related corporation(s) of the Tenant (within the meaning of the *Canada Business Corporations Act*) or to a partnership composed of parent, subsidiary or affiliate corporations of the Tenant;

(b) a corporation formed as a result of a merger or amalgamation (within the meaning of the *Canada Business Corporations Act*) of the Tenant with another corporation or corporations;

(c) a public corporation or a subsidiary body corporate (within the meaning of the *Canada Business Corporations Act*) of a public corporation whose shares are listed on a recognized North American stock exchange; or

(d) the purchaser of a majority of the Tenant's business assets.

It being understood, however, that paragraphs 12.3, 12.4 and 12.5 shall apply to any assignment or subletting contemplated in this paragraph 12.14.

Part 13

WASTE, GOVERNMENTAL AND ENVIRONMENTAL REGULATIONS

13.1 Waste or Nuisance

. The Tenant will not commit or permit to be committed waste upon the Premises, or nuisance or other thing that may disturb or interfere with the use or enjoyment by any other tenant in the Building of its premises and the Common Areas and Facilities or that may disturb any person within 500 feet of a boundary of the Land, whether or not the nuisance arises out of the use of the Premises by the Tenant for a purpose permitted by this Lease.

13.2 Governmental, Insurance Underwriters' and Environmental Regulations

.

(a) The Tenant, at the Tenant's cost, will comply with and cause all those under its control to comply with the applicable requirements of all municipal, provincial, federal and other governmental authorities now in force or which may hereafter be in force with respect to the Premises, including without limitation, all laws and regulations pertaining to the use, possession, control, discharge, removal, disposal and abatement of Hazardous Substances and all other laws and regulations pertaining to the Tenant's occupancy or use of the Premises and will observe in any occupancy and use of the Premises all municipal by-laws and provincial and federal statutes and regulations now in force or which may hereafter be in force, and will comply with all regulations or orders made by fire insurance underwriters or by authorities having jurisdiction. The provisions of this paragraph 13.2(a) will survive the expiration or earlier termination of this Lease.

(b) The Landlord may enter the Premises at all reasonable times on not less than 2 days prior written notice to the Tenant, with as little interference to the conduct of the Tenant's business as is reasonably possible, to enable the Landlord to inspect the Premises and to comply with or cause the Tenant to comply with any municipal by-law or provincial statute now or in the future applicable to the Premises whether or not the application of the by-law or statute to the Premises results from an act or omission of the Landlord or any other person.

(c) If the Tenant has knowledge, or has reasonable cause to believe that any Hazardous Substance has come to be located on, under or about the Premises, the Tenant will, upon discovery of the presence or suspected presence of Hazardous Substance, give written notice of that condition to the Landlord.

(d) If the Landlord, acting reasonably, believes that the Premises have become contaminated with any Hazardous Substance, the Landlord, in addition to its other rights under this Lease, may enter upon the Premises and obtain samples from the Premises and under the Premises, for the purpose of analysing the same to determine whether and to what extent the Premises have become so contaminated. To the extent that contamination is found and that such contamination was caused by the Tenant, the Tenant will reimburse the Landlord for the costs of such inspection, sampling and analysis.

(e) Without limiting the above, the Tenant will indemnify and save harmless the Landlord and its directors, officers and agents from and against any and all claims, losses, liabilities, damages, costs and expenses, including without limitation, legal fees and costs on a solicitor and own client basis, arising out of or in any way connected with the use, manufacture, transportation, storage, emission or disposal of Hazardous Substances by the Tenant, its agents or contractors, or any others under the control of the Tenant, on, under or about the Premises including, without limitation, the cost of any required or necessary repair, remediation or detoxification and the preparation of any closure or other required plans in connection herewith. The indemnity obligations of the Tenant under this paragraph will survive any termination of this Lease.

Part 14

DELIVERY OF AND ACCEPTANCE OF PREMISES

14.1 Delivery of and Acceptance of Premises

. The Landlord shall carry out and complete the Landlord's Work in compliance with the terms of this Lease at the Landlord's sole cost and expense and shall deliver possession of the Premises to the Tenant with all Delivery Conditions satisfied on or before April 1, 2022 (the "Required Delivery Date"). The Landlord shall deliver the Delivery Notice to the Tenant not less than 3 months prior to the anticipated Possession Date. If the Landlord fails to deliver the possession of the Premises to the Tenant with all Delivery Conditions satisfied by the Required Delivery Date and such failure is not the result of any Unavoidable Delay or Tenant Delays then in such case Basic Rent will abate, beginning on the day immediately following the last day of the Free Basic Rent Period (as defined in section 1 of Schedule 4), at a rate of 2 days abatement for each 1 day that the Landlord fails to deliver possession of the Premises to the Tenant with all Delivery Conditions satisfied beyond the Required Delivery Date. In the event that the Possession Date has not occurred by August 1, 2022, and such delay is not the result of any Unavoidable Delay or Tenant Delays then the Tenant may, at its option, terminate this Lease at no cost by providing written notice of termination to the Landlord and upon delivery of such notice this Lease shall become null and void.

The Tenant will notify the Landlord of any defects or deficiencies in the Premises, including environmental hazards (the " **Deficiency List**"), within 30 days after the Possession Date, and failing the giving such Deficiency List the Tenant will be considered for all purposes to have accepted the Premises in their then existing condition. The Landlord will not have any further obligation to the Tenant for defects or faults other than:

(a) latent defects in the Premises which cannot be discovered on a reasonable examination, and

(b) faults in structural elements relating to the Premises not caused by the Tenant's act or negligence.

The Landlord shall, within 30 days after receipt of the Deficiency List, complete or correct all defects and deficiencies identified on the Deficiency List to the satisfaction of the Tenant, acting reasonably.

If a dispute occurs as to whether or not a defect or deficiency exists, the decision of an independent qualified architect or engineer selected by both the Landlord and the Tenant shall, except for manifest error and except as to determinations of interpretation of this Lease, be final and binding on the parties. The fees of such architect or engineer shall be borne equally by the Landlord and the Tenant.

14.2 No Representation

. The Tenant acknowledges that there is no promise, representation, warranty, or undertaking by, or binding upon, the Landlord concerning the condition or layout of, or the alterations, remodelling, decoration or installation of improvements, equipment or fixtures in the Premises or of the Building, except as expressly contained in this Lease and the taking of occupancy, subject always to the provisions of paragraph 14.1, is conclusive evidence as against the Tenant that any representations by the Landlord have been satisfied.

Part 15

LEASEHOLD IMPROVEMENTS AND TRADE FIXTURES

15.1 Installation and Changes by Tenant

.

(a) The Tenant will have possession of the Premises throughout the Fixturing Period for the purpose of completing the Tenant's Work which shall be completed in compliance with the provisions of Part B of Schedule 5. During the Fixturing Period the Tenant shall not be liable for any payment of Rent to the Landlord but the Tenant shall comply with all other terms and conditions of this Lease during the Fixturing Period and shall pay the cost of any utilities consumed in the Premises during the Fixturing Period.

(b) All Leasehold Improvements including, without limitation, trade fixtures installed by, or on behalf of, the Tenant will be of first class quality. The Tenant will not make or cause to be made any Leasehold Improvement, change, decoration, addition or improvement or cut or drill into, nail or otherwise attach, secure or install any trade fixture, exterior sign, floor covering, interior or exterior lighting, or mechanical or electrical system or fixture, or plumbing fixture, shade or awning to any part of the Premises or to the exterior of the Premises or hang from or affix anything to the ceiling, without first obtaining the Landlord's written approval. The Tenant will not create or cause to be created any mortgage, conditional sale agreement or other encumbrance in respect of the Leasehold Improvements (including trade fixtures), furniture or furnishings, or inventory of the Tenant except with the prior written consent of the Landlord.

(c) The Tenant will present to the Landlord plans and specifications for the Tenant's Work and all other work from time to time at the time approval is sought and the work will be done by contractors or other workers or tradesmen approved by the Landlord and in good and workmanlike manner with first class materials.

(d) The Tenant will not make or permit to be made any changes, alterations, substitutions, replacements or improvements affecting the structure of the Premises or the exterior

appearance of the Premises or the operation of the mechanical systems including, without limitation, the heating, ventilation, air conditioning, humidity control, plumbing, electrical, or mechanical equipment in or connected with the Building and the Premises without obtaining the prior written consent of the Landlord.

(e) The Tenant will pay, on demand, as Additional Rent, all the Landlord's costs and expenses in connection with any installations and changes by the Tenant, including, without limitation, the costs of supervising and inspecting the work and the cost of examining the Tenant's drawings and specifications, together with a sum of 15% of such costs, representing the Landlord's overhead.

15.2 Removal of Installations and Restoration by Tenant

.

(a) All Leasehold Improvements when installed become the property of the Landlord, without compensation to the Tenant, but the Landlord will have no responsibility for the repair, replacement, operation, maintenance or insurance of the Leasehold Improvements, which will remain the responsibility of the Tenant.

(b) No Leasehold Improvements (including, without limitation, trade fixtures) will be removed from the Premises before the end of the Term without the prior consent in writing from the Landlord. Upon termination of this Lease the Leasehold Improvements will remain the property of the Landlord except for any non-standard office improvements that the Landlord requires be removed by the Tenant in accordance with paragraph 15.2(c).

(c) At the end of the Term the Tenant will not be required to remove and will not be responsible for any costs associated with the removal of the Leasehold Improvements or the Tenant's Work, nor will the Tenant be required to restore and return or be responsible for any costs associated with the restoration and return of the Premises back to base building standard, provided however that the Tenant shall be required to remove, at its sole cost and expense, any non-standard office improvements that the Landlord advises the Tenant of in connection with its approval of the final space plan for the Premises. The Tenant shall return the Premises to the Landlord in a clean and tidy condition reasonable wear and tear excepted.

(d) If the Tenant does not remove any Leasehold Improvements that it is required to remove in accordance with paragraph 15.2(c), or its furnishings, furniture or equipment as required by the Landlord, the Landlord may, without liability on its part, and not as a bailee, without notice to the Tenant, enter the Premises and remove such items at the Tenant's expense, plus an administration charge of 15% of such amount, which will be paid by the Tenant to the Landlord as Additional Rent, on demand, and such items may, without notice to the Tenant or to any other person and without obligation to account for them, be sold, destroyed, disposed of or used by the Landlord as it determines.

(e) If the Tenant removes, or commences, attempts or threatens to remove any Leasehold Improvements, without the Landlord's consent, the Tenant hereby consents (without limiting any other rights of the Landlord) to the Landlord obtaining an injunction in a court of competent jurisdiction to restrain the Tenant from removing any of the items referred to from the Premises, and the Tenant will pay to the Landlord all fees (including without limitation, all professional fees and all legal fees on a solicitor and own client basis) and expenses incurred by or on behalf of the Landlord concerning obtaining such an injunction.

(f) The Tenant's obligations under this paragraph 15.2 will survive the expiration or earlier termination of this Lease.

15.3 Title on Abandonment

. Intentionally deleted.

15.4 Not to Overload Floors

. The Tenant will not bring on the Premises anything that by reason of its weight, size or use, in the reasonable opinion of the Architect, might damage the Premises and will not overload the floors of the Premises. If overloading occurs the Tenant will immediately repair any damage or pay to the Landlord the cost of repairing the damage and will also pay for any consequential damages arising from the overloading.

15.5 Tenant to Discharge All Liens

. The Tenant will promptly pay all its contractors, subcontractors and suppliers and do all things necessary to ensure that no lien is claimed against the Premises or the Land or any other part of the Building and should a claim of lien be filed by the Tenant's contractors, subcontracts or suppliers, the Tenant will cause it to be discharged or vacated at the Tenant's expense within 15 days after it is brought to the attention of the Tenant or provide adequate security for it to the extent approved by the Landlord, acting reasonably. The Landlord may, but it is not obligated to discharge the lien by paying the amount claimed to be due into court, or by any other means available to the Landlord, and the amount paid, plus all costs, including without limitation, professional and solicitors fees (on a solicitor and own client basis) incurred by or on behalf of the Landlord concerning the lien, plus any damages suffered by the Landlord as a result of the filing of the lien, will be immediately paid, on demand, by the Tenant as Additional Rent. The Tenant acknowledges that the Landlord may file a notice of interest in the applicable land title office under the provisions of the *Builders Lien Act* or any legislation in amendment or substitution thereof evidencing that the Landlord is not responsible for any of the Tenant's improvements. The Tenant agrees to cooperate with the Landlord in respect of the same and, if necessary, to execute and deliver all other instruments and take any actions necessary to give effect to the same.

Part 16

DEFAULT OF TENANT

16.1 Tenant's Default

. If:

(a) the Tenant fails to pay any Rent when due and has not remedied the same within **[redacted]** after the Landlord has given written notice to the Tenant requiring such payment;

(b) the Tenant fails to observe or perform any of its other material obligations under this Lease and the Tenant has not, within **[redacted]**after notice from the Landlord specifying the default, cured the default or, if the cure reasonably requires a longer period, if the Tenant has not commenced to cure the default within the **[redacted]** period and thereafter does not diligently pursue the cure of such default;

(c) the Tenant falsifies a report required to be furnished to the Landlord under this Lease; or

(d) if re-entry is permitted under other terms of this Lease;

the Landlord, in addition to any other right or remedy, may do any or all of the following:

(e) re-enter and remove all persons and property from the Premises and the property may be removed and stored in a public warehouse or elsewhere at the cost of and for the account of the Tenant, all without service of notice or resort to legal process and without the Landlord being guilty of trespass or becoming liable for loss or damage occasioned by any of those actions; and

(f) terminate this Lease and all of the Tenant's rights under it.

16.2 Bankruptcy or Insolvency of Tenancy

.

(a) If:

(i) any material or significant goods and chattels of the Tenant on the Premises at any time during the Term are seized or taken in execution or attachment by a creditor of the Tenant or the Tenant receives a notice from one or more of its secured creditors that the creditor(s) intend to realize on security located at or upon the Premises, which, in each case, remains unsatisfied for a period of **[redacted]**after the Tenant is aware of such seizure or received such notice;

(ii) the Tenant makes an assignment for the benefit of creditors or any arrangement or compromise, or a bulk sale from the Premises other than a bulk sale to an assignee or sublessee under an assignment or sublease which under Part 12 was consented to or which does not require consent,

(iii) a receiver-manager is appointed to control the conduct of the business of the Tenant on or from the Premises and such appointment is not dismissed within **[redacted]**after the date the Tenant receives notice of such appointment,

(iv) the Tenant becomes bankrupt or insolvent or takes the benefit of an Act now or hereafter in force for bankrupt or insolvent debtors or files any proposal or a notice of intention to file a proposal, provided that if such event is involuntary, the Tenant has not been restored to its prior status within **[redacted]**after the date the Tenant receives notice of such involuntary bankruptcy or insolvency event,

(v) proceedings are instituted by the Tenant or any other person for an order for the winding-up of the Tenant, or other termination of the corporate existence of the Tenant, and such proceedings are not dismissed within **[redacted]**after the date the Tenant receives notice of such proceedings,

(vi) without the written consent of the Landlord, the Premises become and remain vacant for a period of **[redacted]** (except as necessitated for the completion of repairs, or due to force majeure, damage, destruction or condemnation) or are used by any persons other than those entitled to use them under the terms of this Lease,

(vii) without the written consent of the Landlord, the Tenant abandons or attempts to abandon the Premises, or

(viii) this Lease or any of the Tenant's assets on the Premises are taken under a writ of execution, charge, debenture or other security instrument, which remains unsatisfied for a period of **[redacted]**after the Tenant is aware of such taking;

then the Landlord may re-enter and take possession of the Premises as though the Tenant or any other occupant of the Premises was holding over after the expiration of the Term and this Lease may, at its option be immediately terminated by notice left upon the Premises.

(b) The Tenant will immediately notify the Landlord if it receives from any of its secured creditors a notice under the *Bankruptcy and Insolvency Act*, or any legislation in amendment or substitution therefor, advising the Tenant that the secured creditor intends to realize upon its security located on the Premises.

(c) Unless the Landlord expressly consents thereto, which the Landlord is not obliged to do, the Tenant will not exercise any right to repudiate this Lease under the terms of a proposal filed under the *Bankruptcy and Insolvency Act*, or any legislation in amendment or substitution therefor.

16.3 Landlord may Perform Tenant's Obligations

. If the Tenant fails to perform an obligation of the Tenant under this Lease the Landlord may give written notice to the Tenant of such failure to perform and if the Tenant has not, within **[redacted]**after receiving such notice, performed the obligation (or, if the performance of the obligation reasonably requires a longer period to complete, if the Tenant has not commenced to perform the obligation within the **[redacted]**period and thereafter does not diligently pursue such performance to completion), then the Landlord may perform the obligation and for that purpose may enter on the Premises without notice and do anything in respect of the Premises that the Landlord considers necessary to cure the default. The Tenant will pay as Additional Rent all costs and expenses incurred by or on behalf of the Landlord plus **[redacted]** for overhead upon presentation of a bill. The Landlord will not be liable to the Tenant for loss or damage resulting from such action by the Landlord, except for loss or damage resulting from the wilful misconduct or negligence of the Landlord or another person for whose wilful misconduct or negligence the Landlord is responsible in law.

16.4 Right to Relet

.

(a) If the Landlord re-enters, as provided in this Lease, it may at its option, without terminating the Tenant's rights under this Lease, make alterations and repairs considered by the Landlord necessary to facilitate a reletting, and relet the Premises or any part thereof as agent of the Tenant for such period of time and at such rent and upon such other terms and conditions as the Landlord in its discretion considers advisable.

(b) Upon each reletting all rent and other monies received by the Landlord from the reletting will be applied, first to the payment of indebtedness other than Rent due hereunder from the Tenant to the Landlord, secondly to the payment of costs and expenses of the reletting including brokerage fees and legal fees and costs of the alterations and repairs, and third to the payment of Rent due and unpaid under this Lease. The residue, if any, will be held by the Landlord and applied in payment of future rent as it becomes due and payable.

(c) If the rent received from the reletting during a month is less than the Rent to be paid during that month by the Tenant, the Tenant will pay the deficiency to the Landlord. The deficiency will be calculated and paid monthly.

16.5 Reentry Without Termination

. No re-entry by the Landlord will be construed as an election on its part to terminate this Lease unless a written notice of that intention is given to the Tenant. Despite a reletting without termination, the Landlord may elect at any time to terminate this Lease for a previous breach.

16.6 Damages

. If the Landlord terminates this Lease for any breach, then, in addition to other remedies, it may recover from the Tenant all damages it incurs by reason of the breach including, without limitation, the cost of recovering the Premises, professional and other legal fees (on a solicitor and own client basis), the unamortized portion of any allowance, concession or inducement paid by the Landlord under the terms of the tenancy (on the basis of an assumed rate of depreciation on a straight line basis to zero over the Term) and the worth at the time of termination of the excess, if any, of (i) the amount of rent and charges equivalent to Rent reserved in this Lease for the remainder of the Term over (ii) the then reasonable rental value of the Premises for the remainder of the Term, calculated on a present value basis, all of which amounts will be immediately due and payable by the Tenant to the Landlord. In determining the Rent which would be payable by the Tenant after default, the Basic Rent component of the annual Rent for each year of the unexpired Term will be considered to be the average Basic Rent paid or payable by the Tenant from the beginning of the Term to the time of default, or during the preceding 3 full calendar years, whichever period is shorter.

16.7 Acceleration of Rent

. If any of the events referred to in paragraph 16.1 or paragraph 16.2 occur then, in addition to all other rights available to the Landlord, including the rights referred to in this paragraph 16.7, the full amount of the current month's Basic Rent and Additional Rent, and all other payments required to be made monthly by the Tenant, and the next ensuing 3 months' Basic Rent and Additional Rent will immediately become due and payable as accelerated rent, and the Landlord may recover the accelerated rent in the same manner as Rent in arrears, including immediately distraining for it together with all other arrears then unpaid.

16.8 Expenses for Remedying Breach

. If the Landlord brings any proceeding against the Tenant arising from an alleged breach of an obligation of the Tenant in this Lease and it is established that the Tenant is in breach of that obligation, the Tenant will pay to the Landlord all costs and expenses incurred by the Landlord in those proceedings including, without limitation, legal fees, on a solicitor and own client basis.

16.9 Interest on Overdue Monies

. All overdue monies payable to the Landlord by the Tenant on any account whatever will bear interest at the Prime Rate plus **[redacted]** per annum from the due date until paid in full.

16.10 No Exemption from Distress

. None of the property of the Tenant on the Premises (except data, computer hard drives and paper files) is exempt from levy by distress for Rent in arrears, and a claim being made for exemption by the Tenant or on distress being made by the Landlord, this paragraph 16.10 may be pleaded as an estoppel against the Tenant in any proceedings brought to test the right to levy upon property claimed to be exempt.

16.11 New Lease

. If this Lease is either terminated or repudiated in the process of insolvency or bankruptcy proceedings, with or without the consent of the Landlord, and whether or not a Transfer of Lease has occurred, the Landlord may, within 3 months after that event, require the Tenant, or its Trustee in Bankruptcy, receiver or other successor, to enter into a lease with the Landlord for the Premises for the remainder of the Term on the same terms and conditions as contained in this Lease.

Part 17

REMEDIES OF LANDLORD AND WAIVER

17.1 Remedies Cumulative

. No exercise of a specific right or remedy by the Landlord or by the Tenant precludes it from, or prejudices it in, exercising another right or pursuing another remedy or maintaining an action to which it may otherwise be entitled either at law or in equity.

17.2 No Waiver

. The waiver by the Landlord or the Tenant of a breach of an obligation in this Lease will not be considered to be a waiver of a subsequent breach of that obligation or another obligation. The subsequent acceptance of Rent by the Landlord will not be a waiver of a preceding breach by the Tenant of an obligation in this Lease, regardless of the Landlord's knowledge of the preceding breach at the time of acceptance of the Rent. No obligation in this Lease will be considered to have been waived by the Landlord or by the Tenant unless the waiver is in writing signed by the Landlord or by the Tenant, as the case may be.

17.3 Injunctive Relief

. If the Tenant breaches or threatens to breach any of the terms of this Lease, the Landlord will have the right to injunctive relief, as if no other remedies were provided for in this Lease.

Part 18

ACCESS BY LANDLORD

18.1 Right of Entry

.

(a) The Landlord and its agents may enter the Premises at a day and time that is mutually agreeable to the Landlord and the Tenant, each acting reasonably, and in any event on not less than 2 days prior written notice to Tenant, with as little interference to the conduct of the Tenant's business as is reasonably possible, to examine the Premises and to show the Premises to a prospective buyer, lessee or mortgagee.

(b) The Landlord may make alterations, additions and adjustments to and changes of location of the pipes, conduits, wiring, ducts and other installations of any kind in the Premises where necessary to serve another tenant of the Building but the Landlord will take commercially reasonable steps to minimize any disruption of the Tenant's business (including, without limitation, performing such work outside of Normal Business Hours where reasonably possible). The Landlord may take all material required on to the Premises without constituting an eviction of the Tenant in whole or in part. The Rent reserved will not abate while the alterations, additions or changes of location are being made by reason of loss or interruption of the business of the Tenant, or otherwise, and

the Landlord will not be liable for damage to property of the Tenant or of others located on the Premises as a result of any entry except for damage caused by the negligence of the Landlord or another person for whose negligence the Landlord is responsible in law.

(c) During the 6 months prior to the expiration of the Term the Landlord may place upon the Premises a notice “For Rent” which the Tenant will permit to remain without interference.

(d) If after the required notice has been provided to the Tenant (except in the case of an emergency when no prior notice is required) and on the mutually agreed day and time, the Tenant is not present to open and permit entry into the Premises when the Landlord requires entry, the Landlord or its agents may enter by a master key without rendering the Landlord or its agents liable for any damage or trespass and without affecting this Lease. Nothing in this paragraph 18.1 imposes on the Landlord an obligation, responsibility or liability for the care, maintenance or repair of the Premises or any part thereof except as specifically provided in this Lease. The Landlord may at a day and time that is mutually agreeable to the Landlord and the Tenant, each acting reasonably, and in any event on not less than 2 days prior written notice to Tenant, with as little interference to the conduct of the Tenant’s business as is reasonably possible, to enter on the Premises in order to install, construct, operate, maintain, repair and replace any utilities and services, but the Landlord in doing so will exercise such right in a manner which is commercially reasonable to minimize any disruption of the Tenant’s business (including, without limitation, performing such work outside of Normal Business Hours where reasonably possible).

18.2 Roof and Walls

. The Landlord will have the exclusive right to use all or any part of the roof of the Building for any purpose; to erect additional stories or other structures over all of any part of the Building; to erect in connection with the construction thereof temporary scaffolds and other aids to construction on the exterior of the Building, provided that access to the Premises will not be unreasonably denied; and to install, maintain, use, repair and replace within the Premises pipes, ducts, conduits, wires and all other mechanical equipment serving other parts of the Building, the same to be in locations within the Premises as will not unreasonably deny the Tenant’s use of them. The Landlord may make any use it desires of the exterior portions of the walls of the Premises, provided that such use will not encroach on the interior of the Premises or impede access to or from the Premises. The Tenant agrees to give the Landlord access to the Premises for those purposes at a day and time that is mutually agreeable to the Landlord and the Tenant, each acting reasonably, and in any event on not less than 3 days prior written notice to Tenant and with as little interference to the conduct of the Tenant’s business as is reasonably possible.

18.3 Excavation

. Intentionally deleted.

Part 19

RULES AND REGULATIONS

19.1 Landlord May Make

. The Landlord from time to time may establish, modify and enforce reasonable rules and regulations regarding the use and occupancy of the Common Areas and Facilities of the Building and of the premises set aside by the Landlord for leasing to tenants of the Building. All rules and regulations and modifications whether made under this paragraph 19.1 or paragraph 7.2 become a part of this Lease and the Tenant will comply with the rules and regulations and modifications, provided that such rules and

regulations and policies shall not (i) discriminate against the Tenant, (ii) materially or unreasonably interfere with or restrict the Tenant's conduct of its business or the Tenant's use or enjoyment of the Premises, or (iii) derogate from any of the Tenant's rights under this Lease. Notice of the rules and regulations and modifications will be given to the Tenant by the Landlord. A set of the most recent rules and regulations are annexed to this Lease as Rules and Regulations Schedule 3.

Part 20

LANDLORD'S COVENANTS AND OBLIGATIONS

20.1 Taxes

. The Landlord will pay all real property taxes (including local improvement rates) that may be assessed by a lawful authority against the Building and the Land.

20.2 Quiet Enjoyment

. Subject to the observance and performance by the Tenant of all of its obligations under this Lease, the Tenant may use and possess the Premises, in accordance with the provisions of this Lease, for the Term, without interference by the Landlord, or any other party claiming by, through or under the Landlord, except as otherwise provided in this Lease.

20.3 Interior Climate Control

. The Landlord will provide to the Premises during Normal Business Hours, by means of a system for heating and cooling, filtering and circulating air, processed air in such quantities, at such temperatures as will maintain in the Premises conditions of reasonable temperature and comfort in accordance with good standards of interior climate control generally pertaining at the date of this Lease applicable to normal occupancy of premises for office purposes, but the Landlord will have no responsibility for any inadequacy of performance of the system if the Premises depart from the design criteria for such system.

20.4 Janitor Service

. The Landlord will cause when reasonably necessary from time to time the floors and windows of the Premises to be swept and cleaned and the desks, tables and other furniture of the Tenant to be dusted all in keeping with the standard of similar buildings in the City of Victoria having regard to the age and location of the Building. Such work will be done at the Landlord's direction without interference by the Tenant, its servants or employees.

20.5 Maintain Common Areas and Facilities

. The Landlord will cause the elevators, common entrances, lobbies, stairways, corridors, washrooms and other parts of the Building including Common Areas and Facilities from time to time provided for common use and enjoyment to be maintained, cleaned or otherwise operated substantially in keeping with the standard of similar buildings in the City of Victoria having regard to the age and location of the Building.

Part 21

OVERHOLDING

21.1 No Tacit Renewal

. If the Tenant remains in possession of the Premises after the end of the Term and without the execution and delivery of a new lease or written renewal or extension of this Lease, there is no tacit or other renewal of this Lease, and the Tenant will be considered to be occupying the Premises as a Tenant from month to month at a monthly rental payable in advance on the first day of each month equal to the sum of **[redacted]** of the monthly instalment of Basic Rent payable for the last month of the Term, and otherwise upon the terms and conditions set out in this Lease, so far as applicable.

Part 22

OPTIONS TO EXTEND

22.1 Options to Extend

.

(a) Provided the Tenant is not in default under this Lease beyond applicable cure periods at the time the Tenant delivers the applicable Extension Notice (as defined below), the Tenant shall have **[redacted]** separate consecutive options to extend the Term, in each case for a further period of **[redacted]** (each, an "**Extension Term**"), each option exercisable by written notice to the Landlord (the " **Extension Notice**") given no later than **[redacted]**and no earlier than **[redacted]**prior to the expiry of the Initial Term or the then current Extension Term, as the case may be (the "**Extension Notice Expiration Date**"). Each such Extension Term shall be on the same terms and conditions as the Initial Term, save and except that Basic Rent shall be determined in accordance with paragraph 22.1(b) or 22.1(c), as applicable, the Tenant shall have no further right of extension beyond the second Extension Term, the Landlord will have no obligation to pay or provide to the Tenant any allowance, concession or inducement of any nature, or provide any free rent or discounted rent of any nature, or provide any fixturing period, or do or perform any work in the Premises.

(b) The Basic Rent for each Extension Term shall be agreed upon by the Landlord and the Tenant prior to the commencement of the applicable Extension Term and shall be the then current fair market basic rent for the Premises, being the basic rent which would be paid for the Premises in its current condition as of the commencement of the subject Extension Term, including all Leasehold Improvements installed or placed in the Premises. In determining the then current fair market basic rent for the Premises, all relevant circumstances must be considered and applied, including without limitation the basic rent payable for comparable premises in a building of similar size, age and location as the Building, provided that under no circumstances will Basic Rent for any Extension Term be less than the Basic Rent applicable during the last year of the Initial Term in respect of the first Extension Term and during the last year of the first Extension Term in respect of the second Extension Term.

(c) Failing agreement by the parties as to the Basic Rent for any Extension Term by not later than 60 days prior to the commencement of the particular Extension Term, either party may submit the matter to a single arbitrator appointed under the *Arbitration Act* (British Columbia), whose decision will be final and binding upon the Tenant and the Landlord. The cost of the arbitration will be borne by the Landlord and the Tenant equally. In the event that the Basic Rent payable during any Extension Term has not been agreed upon or determined by the date of commencement of the particular Extension Term, the Tenant shall pay by way of provisional Basic Rent on the first day of the first month of that Extension Term, an amount equal to the monthly instalment of Basic Rent payable in the month immediately preceding the commencement of such Extension Term, and on the first day of each and every month thereafter the Tenant shall continue to pay such

monthly amount until the new Basic Rent is agreed upon or determined, and, upon the Basic Rent being so agreed upon or determined an appropriate adjustment of Basic Rent shall be made, if required, on the first day of the month next following the month in which the new Basic Rent is so agreed upon or determined, retroactive to the commencement of the applicable Extension Term.

Part 23

MISCELLANEOUS

23.1 Accord and Satisfaction

. No payment by the Tenant or receipt by the Landlord of a lesser amount than the Rent stipulated in this Lease will be considered to be other than on account of the earliest stipulated Rent, nor will an endorsement or statement on a cheque or in a letter accompanying a cheque or payment as rent be considered to be an accord or satisfaction, and the Landlord may accept a cheque or payment without prejudice to the Landlord's right to recover the balance of the Rent or pursue any other remedy.

23.2 No Partnership

. The Landlord does not in any way or for any purpose become a partner of, or joint venturer or a member of a joint enterprise with, the Tenant. No provision of this Lease is intended to create a relationship between the parties other than that of Landlord and Tenant.

23.3 Unavoidable Delay

.

(a) If the performance of any act required hereunder to be performed by a party hereto is affected by Unavoidable Delay then:

(i) if the act is to be performed on or at a specified day or time then the day or time for performance will be extended to a day or time after the Unavoidable Delay ceases which is reasonable having regard to the nature of both the act and the Unavoidable Delay; or

(ii) if the act is to be performed within a specified period of time that period will be extended from the time the Unavoidable Delay ceases to affect the performance for a period equal to the amount of that specified period which occurred during the period of Unavoidable Delay.

(b) The party obligated to do or perform such act or thing will not be considered to have committed a default until the expiration of such time as so extended.

(c) Each party will when so delayed promptly notify the other of the occurrence of the Unavoidable Delay with an estimate of its expected duration.

23.4 Partial Invalidity

. If a term, covenant or condition of this Lease or the application thereof to any person or circumstances is held to any extent invalid or unenforceable, the remainder of this Lease or the application of the term,

covenant or condition to persons or circumstances other than those as to which it is held invalid or unenforceable will not be affected.

23.5 Joint and Several Liability

. If two or more individuals, corporations, partnerships or other business associations compose the Tenant, the liability of each individual, corporation, partnership or other business association to pay Rent and perform all other obligations of the Tenant under this Lease is joint and several. If the Tenant is a partnership or other business association the members of which are by virtue of statute or general law subject to personal liability, the liability of each member is joint and several.

23.6 Registration

. The Tenant may, at is discretion, register a short form of this Lease (including, without limitation, the Tenant's Right of First Refusal) at the applicable Land Title Office provided that such short form does not disclose any financial information contained in this Lease and is approved by the Landlord, acting reasonably. The Landlord shall forthwith execute and deliver all such documentation reasonably required by the Tenant to effect such registration. The Tenant shall be responsible for the preparation of any and all plans required in connection with the foregoing at its sole cost and expense.

23.7 Notice

.

(a) Any notice or other communication required or permitted to be given under this Lease will be in writing unless otherwise specified and will be considered to have been given if delivered by hand or mailed by prepaid registered post in Canada, to the address of the party set out below:

(i) if to the Landlord:

2621 Douglas Street, Victoria, BC V8T 4M2

Attention: David Fullbrook

(ii) if to the Tenant:

#1203 – 4464 Markham Street, Victoria, BC V8Z 7X8

Attention: Michael Martin, Chief Operating Officer

or to such other address as a party may specify by notice given as set out above.

(b) Notice or other communication will be considered to have been received:

(i) if delivered by hand during business hours, upon receipt by a responsible representative of the receiver, and if not delivered during business hours, upon the commencement of business on the next business day; and

(ii) if mailed by prepaid registered post in Canada, upon the fifth business day following posting, except that, in the case of a disruption or an impending or threatened disruption in the postal service, every notice or communication will be delivered by hand.

(c) In this Lease, whenever a notice provision refers to "days", it will be considered to refer to "business days" and "business day" or "business days" will mean a day or days which are

not a Saturday or defined as a “holiday” under the *Interpretation Act* (British Columbia) as amended or substituted from time to time.

23.8 No Modification

. No representations, understandings or agreements have been made or relied upon in the making of this Lease other than those specifically set out in this Lease. This Lease may only be modified in writing signed by the party against whom the modification is enforceable.

23.9 Successors and Assigns

. This Lease binds and benefits the parties and their respective heirs, executors, administrators, successors and assigns. No rights, however, benefit an assignee of the Tenant unless under Part 12 the assignment was consented to by the Landlord.

23.10 Number and Gender

. The necessary grammatical changes required to make the provisions of this Lease apply in the plural sense where the Tenant comprises more than one entity and to corporations, associations, partnerships, or individuals, males or females, in all cases will be assumed as though in each case fully expressed.

23.11 Headings and Captions

. The table of contents, part numbers, part headings, paragraph numbers and paragraph headings are inserted for convenience of reference only and are not to be considered when interpreting this Lease.

23.12 Confidentiality

. Each of the Landlord and Tenant will keep the existence and terms of this Lease in strict confidence both before and after the Term, except in the course of conveying necessary information to legal, accounting and tax and financial advisors, lenders, investors or as may be required by applicable laws or otherwise mutually agreed upon by the Landlord and Tenant.

23.13 Obligations as Covenants

. Each obligation of the Landlord or the Tenant in this Lease, even though not expressed as a covenant, is considered to be a covenant for all purposes.

23.14 Entire Agreement

. This Lease contains all the representations, warranties, covenants, agreements, conditions and understandings between the Landlord and the Tenant concerning the Premises or the subject matter of this Lease.

23.15 Time is of the Essence

. Time will be of the essence.

23.16 Governing Law

. This Lease will be interpreted under and is governed by the laws of the Province of British Columbia.

[EXECUTION PAGE FOLLOWS]

TO EVIDENCE THEIR AGREEMENT each of the parties has executed this Agreement on the date appearing below.

TC EVOLUTION LIMITED PARTNERSHIP,
by its general partner TC Evolution General Partner Inc.

By: */s/ David Fullblook*
Name: David Fullbook
Title: CEO / Director

I have the authority to bind the company, which has the authority to bind the limited partnership.

Dated: August 12, 2020

AURINIA PHARMACEUTICALS INC.

By: */s/ Max Donley*
Name: Max Donley
Title: EVP

I/We have the authority to bind the company.

Dated: August 7, 2020

Schedule 1

PLAN OF PREMISES

3rd floor of the Building Schedule 2

LEGAL DESCRIPTION OF THE LAND

PID: 003-149-021, Lot 2 Section 4 Victoria District Plan 23740

Schedule 3

RULES AND REGULATIONS

1. Refuse.

   (a) If the Tenant's garbage is of a deteriorating nature, creating offensive odours, the Tenant will utilize and maintain at its cost and expense refrigerated facilities as required by the Landlord.

2. Overloading, Suspension.

   (a) The Tenant will not overload any floor of the Premises in excess of 100 pounds per square foot.

   (b) The Tenant will not hang or suspend from any wall or ceiling or roof, or any other part of the Building, any equipment, fixtures, signs or displays which are not first authorized by the Landlord.

3. Electrical Equipment.

   (a) If the Tenant requires any electrical equipment which might overload the electrical facilities in the Premises, the Tenant will submit to the Landlord plans and specifications for works required to install and supply additional electrical facilities or equipment to prevent such overloading and will obtain the Landlord's prior written approval to perform the works, which will meet all applicable regulations and codes, including without limitation, the requirements of the Landlord's insurers, and will be installed at the Tenant's sole expense. The Landlord reserves the right to install such additional equipment at the Tenant's expense, which will not exceed 15% of the cost of the additional equipment.

4. Plumbing.

   (a) No plumbing facilities will be used for any purpose other than that for which they were designed, and no foreign substance of any kind will be thrown therein, and the expense of any breakage, stoppage or damage resulting from a violation of this provision by the Tenant or by any person for whom the Tenant is responsible will be borne by the Tenant.

5. HVAC Operation/Window Covering.

   (a) The Tenant will not directly or indirectly appropriate heating or cooling from other portions of the Building unless it is unavoidable, due to the nature of the HVAC design of the Building.

   (b) The Tenant will not leave open any doors or windows to the exterior of the Building which would adversely affect the performance of any HVAC equipment in the Building.

   (c) The Tenant will not interfere with any window coverings installed upon the exterior windows and will close the window coverings during such hours from dusk to dawn as the Landlord may require and will not install or operate any drapes so as to interfere with the exterior appearance of the Building.

6. Pests.

(a) Should the Premises become infested with rodents, vermin or other pests, the Tenant will immediately remedy the same and will use such pest extermination contractor as the Landlord may direct.

7. Notice of Accident, Defects.

(a) The Tenant will give immediate notice to the landlord in case of fire or accident in the Premises or of defects therein or to any fixtures or equipment therein.

8. Emergency Contacts.

(a) The Tenant will provide the Landlord with the names, addresses and telephone numbers of 2 authorized employees of the Tenant who may be contacted by the Landlord if an emergency relative to the Premises arises.

9. Normal Business Hours.

(a) The Normal Business Hours are the hours from 7 a.m. to 6 p.m., Monday to Friday, inclusive, of each week, holidays excepted, or such other hours and days as may be specified by the Landlord, acting reasonably, from time to time, provided that in doing so the Landlord may not reduce the total number of hours on weekdays (holidays excepted) which constitute Normal Business Hours.

10. Entry after Hours/Locks.

(a) The Tenant and its employees, servants, agents, contractors, and invitees may enter the Premises or the Building when the Building is closed to the public but only by way of such entrances as the Landlord may designate from time to time and subject to the control and security procedures designated by the Landlord from time to time.

(b) The Tenant will not place any locks or other security devises upon the doors of the Premises without the prior written approval of the Landlord and subject to any conditions imposed by the Landlord for the maintenance of necessary access and security.

11. Permits, Licences.

(a) The Tenant alone will be responsible for obtaining from the appropriate governmental authorities or other regulatory body having jurisdiction whatever permits, licences or approvals may be necessary for the operation of the Tenant’s business.

12. Further Rules and Regulations.

(a) For the general benefit and welfare of the Building and the tenants therein, the Landlord may amend these rules and regulations, by alteration or addition, and such amended rules and regulations will be binding on the Tenant. provided that such amended rules and regulations and policies shall not (i) discriminate against the Tenant, (ii) materially or unreasonably interfere with or restrict the Tenant’s conduct of its business or the Tenant’s use or enjoyment of the Premises, or (iii) derogate from any of the Tenant’s rights under this Lease.

Schedule 4

ADDITIONAL PROVISIONS

1. **Free Basic Rent.** Notwithstanding any terms to the contrary in this Lease, the Tenant shall not be required to pay Basic Rent for the first 2 months of the Initial Term (the "**Free Basic Rent Period**").

2. **Tax Exemption.** The Tenant acknowledges that the Landlord has applied to the City of Victoria for an exemption in respect of Taxes for up to **[redacted]**pursuant to the City's Tax Incentive Program for heritage designated commercial buildings (the " **Tax Exemption**"). The Tenant acknowledges and agrees that notwithstanding the application of the Tax Exemption to Taxes in respect of Building and the Land, during any period that the Tax Exemption applies the Tenant will pay, pursuant to paragraph 4.4(a)(ii) of this Lease, the Tenant's Proportionate Share of Taxes based on what the Taxes would have been if the Tax Exemption was not applicable. For example, for illustration purposes only, if during the first full Lease Year of the Initial Term the Tax Exemption applies and the Tenant's Proportionate Share of Taxes would have been equal to **[redacted]**per square foot of the Rentable Area of the Premises if the Tax Exemption had not been applicable, the Tenant will pay **[redacted]**per square foot of the Rentable Area of the Premises to satisfy its payment obligations under paragraph 4.4(a)(ii) of this Lease.

3. **Exterior Signage.** At the Tenant's sole cost and expense, the Landlord will permit the Tenant to install exterior signage on the Building on Douglas Street, subject to compliance with the Landlord's reasonable signage guidelines and applicable City of Victoria bylaws and subject to the Landlord's approval, acting reasonably, as to size, design and location of the signage. Crown signage can be made available by proposal and occupancy of an entire floor.

4. **Tenant Improvement Allowance.** The Landlord shall pay to the Tenant, the Tenant Improvement Allowance to be spent on the construction and installation of the Tenant's Work. The Tenant Improvement Allowance will be paid by the Landlord to the Tenant during the Fixturing Period as the Tenant's Work progresses upon receipt of a Tenant draw request, provided the Tenant is not then in default under this Lease beyond applicable notice and cure periods and further provided that the total number of draw requests made by the Tenant shall not exceed 3 in number. Any costs and expenses in respect of the Tenant's Work over and above the Tenant Improvement Allowance shall be to the account of and responsibility of the Tenant. The draws will be paid to the Tenant within 30 days of a written request therefor by the Tenant, provided the following conditions are satisfied:

   a. this Lease has been executed by the parties and the Tenant is not then in default of any of the Tenant's covenants hereunder beyond applicable notice and cure periods,

   b. such payments shall be no greater than the cost of work in place in respect of the Tenant's Work in the Premises as of the date of such request, as reasonably determined by the Architect;

   c. the Tenant provides to the Landlord a sworn declaration from the general contractor stating that, provided specified funds are paid, there are no liens or encumbrances affecting the Premises, the Building or the Land in respect of work, services, materials and equipment relating to the Tenant's Work and that the Tenant's designers, contractors, subcontractors, workers and suppliers of materials and equipment, if any, have been paid in full for all work and services performed and materials and equipment supplied by them to the Premises to the date of such request; and

d. the Tenant provides to the Landlord copies of all costs actually expended by the Tenant (by way of invoices or accounts pertaining to the Tenant's Work), certified by an officer of the Tenant, for completion of such portion of the Tenant's Work.

The final **[redacted]** of the Tenant Improvement Allowance shall be paid upon the expiry of any lien holdback period provided for by any applicable builders lien legislation and the delivery to the Landlord of "as built" drawings for all of the Tenant's Work. **[redacted]** of any amount of the Tenant Improvement Allowance that is unused by the Tenant for the construction and installation of the Tenant's Work shall be a credit to the Tenant and applied to the earliest Rent payable under this Lease.

5. **Preliminary Space Planning.** The Landlord shall, promptly upon the Tenant's request, reimburse the Tenant for its costs to prepare a preliminary space plan for the Tenant in respect of the Premises, provided that such reimbursement shall not exceed fifteen cents ($0.15) per square foot of the Rentable Area of the Premises.

6. **Parking.** The Landlord grants to the Tenant a license to use and the Tenant accepts such license to use during the Term 19 designated parking stalls located on the Land. As of the date of this Lease the Landlord has designated the Tenant's parking stalls as those shown hatched on Schedule 6 attached hereto. The monthly rental for the parking stalls will be at the prevailing monthly rate established by the Landlord from time to time but, in any event, commensurate with prevailing market rates from time to time for comparable parking stalls in the area of the Land. As of the date of this Lease the current market rate is **[redacted]**per reserved stall per month, plus applicable taxes. The monthly rental for the parking stalls contemplated in this paragraph shall be payable in advance as Additional Rent on the first day of each month of the Term. Any or all of the aforementioned 19 parking stalls may be relocated by the Landlord on no less than **[redacted]**notice to the Tenant, provided that the number of parking stalls is not reduced below 19.

7. **Right of First Refusal to Lease.**

a. In consideration of the Tenant's covenants under this Lease and provided the Tenant is not in default of this Lease beyond any applicable notice and cure periods at the time the Landlord gives the Offer (as defined below) to the Tenant, the Landlord grants to the Tenant a right of first refusal to lease (the "**Tenant's Right of First Refusal**") on the terms and conditions of this paragraph.

b. During the Term, the Landlord will not lease, in whole or in part, any space on the 3 rd floor of the Building that is not part of the Premises (the "**Additional 3rd Floor Space**"), unless:

i. the Landlord gives to the Tenant a written offer to lease (the " **Offer**") setting forth the space which is available, the date it is available and the Rent, inducements and other terms and conditions upon which a bona fide third party dealing with the Landlord at arm's length (the "**Third Party**") has made an offer to lease to the Landlord, and which the Landlord is willing to accept; and

ii. the Tenant does not accept the Offer by notice in writing to the Landlord given within 5 business days after receipt of the Offer.

c. The Landlord and the Tenant agree that except for the use clause, which will be deemed to read " general office purposes and any other purposes directly related thereto as permitted by applicable zoning", the Landlord will not make any amendments to the terms of the offer to lease received from the Third Party when preparing the Offer to the Tenant.

The Landlord shall, together with the Offer, provide the Tenant with a copy of the offer to lease that the Landlord received from the Third Party.

d. If the Tenant does not accept the Offer, the Landlord may lease the space referred to in the Offer, at arm's length, to the Third Party on equal terms or terms more favourable to the Landlord than those set out in the Offer, during a period of 90 days following the expiration of the period in which the Tenant was entitled to accept the Offer. Thereafter, the Landlord will not lease the Additional 3rd Floor Space, in whole or in part, without again making an offer to the Tenant on the terms and conditions of paragraphs b. and c. above.

e. If the Tenant accepts the Offer, the Offer, as accepted, will constitute a binding agreement of lease and the Tenant will execute, at its cost, a lease amending agreement prepared by the Landlord and acceptable to the Tenant, reflecting the amendments to the Lease required as a result of the addition of the Additional 3rd Floor Space, or any part thereof, that is acquired by the Tenant following acceptance of the Offer.

f. Time will be of the essence of the right of first refusal to lease contemplated in this section 7 of Schedule 4.

g. This right of first refusal may not be assigned by the Tenant except to a person to whom the Tenant assigns this Lease in compliance with the applicable terms of this Lease.

8. Estimate of Additional Rent.

The Landlord estimates that for the 2020 Lease Year the Additional Rent will be **[redacted]**per square foot of the Rentable Area of the Premises.

Schedule 5

LANDLORD'S WORK AND TENANT'S WORK

PART A - Landlord's Work

The "Landlord's Work" shall include the following work, all of which shall be completed by the Landlord, at its sole cost and expense, in a good and workmanlike manner to first class standards and using only new materials (provided that some repurposing of existing materials shall be permitted where deemed appropriate by the Landlord, acting reasonably, so long as the same is done to first class standards), and in strict compliance with all applicable laws, bylaws, codes, rules and regulations, including without limitation the British Columbia Building Code, the British Columbia Fire Code and all bylaws of the City of Victoria:

1. General

Base building “shell” condition:

- Office floor area will be completed to a shell finish
- Complete building finishes to all common areas
- Secure bike room provided for the Project in common areas
- Access to electric car charging stations in the Project parking area for Tenant’s use
- Men’s and Women’s changerooms and showers to be provided within the common areas of the Project
- Smooth and level concrete floors ready for Tenant’s finishing
- Minimum four stalls/toilets for the women’s washroom and two stalls/toilets, plus two urinals for the men’s washroom on the second floor
- Elevator access to be provided to the second floor
- Operational ceiling mounted heat pump system(s), as per base building specifications. Tenant to supply and install duct work downstream of heat pump(s)
- Power to electrical service panel per base building specifications
- Building standard LED light fixtures supplied to an open plan grid. Tenant to install.
- Sprinklers to an open layout
- Rough-in plumbing for an office kitchenette in a location determined by the Landlord
- An empty 2” diameter conduit for telephone / data service to the Leased Premises, in a location determined by the Landlord
- Building standard exterior window coverings supplied. Tenant to install

2. Architectural

- All floors to be concrete structural slab
- Third floor PRR Mezzanine to be concrete topping on composite metal decking and steel structure
- Drywall to interior face of exterior walls

Structural

- Live Loading Ground Floor, slab on grade; Second and Third Floors 100psf, or 4.8kPa

3. HVAC — New System

- 2 pipe water source heat pumps to ground floor and office spaces c/w outdoor fluid cooler, gas fired boiler system and accessories
- 2" (15 gpm) heat pump water supply/return capped at each floor
- Heat pump(s) with a cooling capacity of 650 sf/ton for office space

- Thermostat provided to each heat pump with 10 feet of wire
- Roof top indirect fired gas make up air unit and ductwork distributed to the back side of each heat pump distributed to the Premises, Tenant to then distribute throughout

4. Fire Suppression

- Wet pipe fire protection system c/w piping, sprinkler heads, hangers and accessories, to be designed on accordance with NFPA 13. To base shell building level in accordance with municipal code

5. Plumbing

- Office Space 1" (10 fixture units) domestic cold and hot water system capped off at 1 foot off wall/floor/ceiling, c/w valves, piping, anchor and necessary accessories

6. Electrical

- Main distribution panel at main electrical room including switch gear. 6 watts per square foot, 3 phase, 4 wire service

PART B - Tenant's Work

1. "**Tenant's Work**" means all work other than the Landlord's Work required to be done to complete the Premises for occupancy by the Tenant to meet all building code requirements.

2. The Tenant's Work shall not be undertaken or commenced by the Tenant until:

   a. the Tenant has delivered to the Landlord a certificate of insurance for the Premises confirming that the Tenant has obtained the insurance coverage required under this Lease; and

   b. the Tenant has obtained the necessary permits to complete the Tenant's Work and delivered copies of the same to the Landlord.

3. All improvements to the Premises shall conform to the quality standards of the Building. The Tenant shall use an architect and other necessary consultants such as mechanical engineer, electrical and data engineer, code consultant and such other certified registered professionals who may be required from time to time to design and prepare working drawings and specifications of the Tenant's Work and shall submit same for the Landlord's prior written approval, not to be unreasonably withheld.

4. All work including changes to the structural elements or mechanical systems of the Building necessitated by the Tenant's Work shall be first approved by the Landlord.

5. No Tenant's Work shall be commenced by the Tenant until all plans, drawings and specifications of the proposed Tenant's Work have been submitted to and approved in writing by the Landlord and until the Tenant has secured all requisite approvals and permits from all applicable authorities having jurisdiction and submitted proof of same to the Landlord. The Tenant shall apply to the appropriate governmental and all other applicable authorities for all necessary permits and approvals necessary for the construction and installation of the Tenant's Work to be constructed by Tenant within the Premises. All such applications shall be made in a

timely manner so that the necessary permits and approvals may be obtained prior to the Possession Date. The Tenant will be responsible for compliance with final plans and specifications and the building code applicable to the Building in connection with its construction responsibilities. Notwithstanding anything to the contrary set forth in this Part B of Schedule 5, the Tenant will not be obligated to pay any fees or charges related to the Landlord's approval, supervision, coordination, security or overhead with respect to the Tenant's Work, except that the Landlord shall be entitled to recover any reasonable, out-of-pocket costs incurred in its review and approval of the plans, drawings and specifications of the Tenant's Work by any arms-length, third party consultants retained by the Landlord for such purpose.

6. The preparation of all design and working drawings and specifications relating to completion of the Premises for occupation by the Tenant and the calling of tenders and letting of contracts relating to the Tenant's Work and the supervision and completion of the Tenant's Work and payment therefore shall be the responsibility of the Tenant.

7. Approvals must be obtained by the Tenant for its work from the municipal building department and all authorities having jurisdiction and the Tenant must submit evidence of these approvals to the Landlord before commencing work and post such approvals on the job site prior to the commencement of the work. The Tenant shall be responsible for payment of all fees and charges incurred in obtaining such approvals before commencing work and for obtaining an occupancy permit prior to opening.

8. All the Tenant's Work required by the Tenant to complete the Premises for occupancy shall be carried out with good workmanship and shall not be in contravention of the codes or regulations of the municipality or any other authority having jurisdiction.

9. Before commencing any work, the Tenant shall furnish the Landlord with written proof of all contractors' commercial general liability insurance for limits not less than those to be maintained by the Tenant under the Lease. The Landlord and its agent shall be named as additional insureds in such contractors' insurance policies.

10. Before commencing any work, the Tenant shall furnish the Landlord with written proof of all contractors' WorkSafe BC clearance as well as a list of all trades, which must be approved by the Landlord. All contractors shall abide by all WorkSafe BC rules and regulations on site.

11. The Tenant shall at all times keep the Premises and all other areas clear of waste materials and refuse caused by itself, its suppliers, contractors or by their work.

12. The Landlord may require the Tenant to clean up on a daily basis and be entitled to clean up at the Tenant's expense if the Tenant shall not comply with the Landlord's reasonable requirements.

13. All Tenant's Work including the delivery, storage and removal of materials shall be subject to the reasonable supervision of the Landlord and shall be performed in accordance with any reasonable conditions or regulations imposed by the Landlord and adherence to all building rules and regulations.

14. The Landlord may require that the Landlord's contractors and sub-contractors be engaged for any mechanical or electrical work, work conducted on the roof or the fire and sprinkler systems, or other work which may be under warranty.

15. The Landlord shall not in any way be responsible for or liable with regard to any work carried out or any materials left or installed in the Premises.

16. Any damages caused by the Tenant, the contractors or subtrades employed on the work to any of the structural elements or mechanical systems of the Building or to any property of the Landlord or of other tenants, shall be repaired by the Landlord's contractor to the satisfaction of the Landlord and the Landlord may recover the costs incurred from the Tenant plus an additional fee equal to 15% of such costs.

17. If the Tenant's contractor neglects to carry out the work properly or fails to perform any work required by or in accordance with the approved plans and specifications, the Landlord may give written notice to the Tenant and the Tenant's contractor of such failure and if the Tenant has not, within 30 days after receiving such notice, remedied such failure (or, if remedying such failure requires a longer period to complete, if the Tenant has not commenced to remedy such failure within the 30 day period and thereafter does not diligently pursue remedying such failure to completion), then the Landlord may, without prejudice to any right or remedy, complete the work, remedy the default or make good any deficiencies and recover the costs incurred from the Tenant.

18. The Tenant shall perform its work expeditiously and efficiently and shall complete the same prior to the Commencement Date or within the period stipulated in any other written agreement between the parties subject only to circumstances over which the Tenant has no control and which by the exercise of due diligence could not have been avoided.

19. On completion of the Tenant's Work, the Tenant shall forthwith furnish to the Landlord "as built" drawings for the Tenant's Work and a statutory declaration in a form provided by the Landlord stating that there are no builders' liens outstanding against the Premises or the Building on account of the Tenant's Work and that all accounts for work, service and materials have been paid in full with respect to all of the Tenant's Work, together with evidence in writing satisfactory to the Landlord that all assessments under the *Workers Compensation Act* (British Columbia) have been paid.

20. The Tenant shall complete all work in a good and workmanlike manner, and in strict accordance with the drawings and specifications approved by the Landlord and all applicable laws, bylaws, codes, rules and regulations. The Tenant agrees to indemnify and save the Landlord harmless from any and all loss, damage or injury which may result from the Tenant's activities in the Premises, the Building or the Land in completing the Premises as aforesaid. The Tenant acknowledges and agrees that there may be inconvenience associated with completing either the Landlord's Work or the Tenant's Work.

SCHEDULE 6

DESIGNATED PARKING STALLS

VANCOUVER ISLAND TECHNOLOGY PARK

THIS LEASE, dated for reference this 30th day of October , 2020 is made by the Landlord and Tenant named below who, in consideration of the covenants in this Lease, agree as follows:

1. BASIC TERMS, SCHEDULES, AND DEFINITIONS

1.1 Basic Terms

(a) Landlord: UNIVERSITY OF VICTORIA PROPERTIES INVESTMENTS INC. on behalf of the VANCOUVER ISLAND TECHNOLOGY PARK TRUST

Address of Landlord: Suite 2201 – 4464 Markham Street
Victoria, British Columbia, V8Z 7X8 Landlord's Fax No.: 250.483.3248

(b) Tenant: AURINIA PHARMACEUTICALS INC.

Address of Tenant: 1203 – 4464 Markham Street
Victoria, BC V8Z 7X8

Tenant's Fax No.: N/A

(c) Premises: Suite No. 1203 and 1201, Building No. 100
4464 Markham Street, Victoria, BC (see Schedule A)

(d) Rentable Area: Estimated to be 3,800 square feet Suite 1203, and 9,406 square feet for total of 13,206 square feet, subject to remeasurement under clause 17.4.

(e) Term: One (1) year and eight (8) months

(f) Commencement Date: January 01, 2021

(g) Annual Base Rent:

	$ per annum per sq. ft. of Rentable Area of Premises	Annual Base Rent (plus GST)	Monthly Base Rent (plus GST)
January 1, 2021 – May 31, 2021	22.50	297,135.00	24,761.25
June 1, 2021 – August 31, 2022	23.50	310,641.00	25,861.75

Certain identified information has been excluded from this exhibit because it both (i) is not material and (ii) would be competitively harmful if publicly disclosed.

(h) Permitted Use: For the purpose of an office for the conduct of the Tenant's business of a pharmaceutical research office. (see clause 5.3)

(i) Extension Term : one (1) year (see clause 18.1)

(j) Deposit: **[redacted]** (see clause 17.11)

(k) Fixturing Period: N/A days prior to the Commencement Date (see clause 2.4)

The foregoing Basic Terms are approved by the parties. Each reference in this Lease to any of the Basic Terms will be construed to include the above provisions as well as all of the additional terms and conditions of the applicable sections of this Lease where such Basic Terms are more fully described.

1.2 Schedules

All Schedules to this Lease are incorporated into and form an integral part of this Lease and are as follows:

Schedule	Subject	Clause
A	Floor Plan(s) of Premises	1.1(c)
B	Definitions	1.3
C	Tenants' Manual	5.9
D	Landlord's Work	2.1
E	Tenant's Work	2.1
F	Procedure for Landlord's Work and Tenant's Work	2.3

1.3 Definitions

In this Lease, the words, phrases and expressions set out in Schedule B are used with the meanings defined in Schedule B.

2. LANDLORD'S WORK AND TENANT'S WORK

2.1 Landlord's Work and Tenant's Work

The Tenant acknowledges that it has entered into this Lease on the express understanding that the Landlord's Work (if any) is limited to the work described in Schedule D. The Landlord's Work and the Tenant's Work (if any, as described in Schedule E) will be completed in accordance with the procedure set out in Schedule F.

2.2 Completion of Landlord's Work

If the Premises or any part of them are not ready for occupancy as determined by the Landlord on a date that will allow the Tenant to complete the Tenant's Work in accordance with the provisions of this Lease on or before the Commencement Date by reason of the fact that the Premises are not in a condition that will allow the Tenant's Work to be commenced, the Lease will not be void or voidable and the Tenant will not have any claims for any losses or damages, including any abatement of rent, no matter how the delay has been caused; however, the Fixturing Period and the Commencement Date will be postponed by the length of such delay. Notwithstanding any postponement in the Commencement Date or Fixturing Period, the expiry date of this Lease will remain unchanged.

2.3 As Is/Where Is

If the Premises have been previously fixtured and improved by the Landlord or a prior tenant, the Tenant acknowledges that, subject to the Landlord's Work in Schedule D (if any), it has accepted the Premises on an "as is/where is" basis, and that the cost of any further renovations, improvements, or fixturing required by the Tenant will be payable by the Tenant. The Tenant agrees to submit to the Landlord for approval the drawings and specifications relating to any such further Tenant's Work as specified in Schedule E to this Lease, and the Tenant further agrees that all further work carried out by the Tenant in the Premises will be pursuant to this Lease, including, without limitation, the provisions of Schedule F. Notwithstanding Landlord consent or agreement to an application or request to applicable governmental authorities to use the Premises for a particular use, or for permits, including development, building, and occupancy for such use, the Landlord makes no representations or warranties, express or implied as to the condition or suitability of the Premises or the Lands for the Tenant's use or intended use, and as to whether necessary approvals can be obtained for the Tenant's use or intended use, and the Tenant acknowledges and agrees that the Landlord makes no such representations or warranties.

2.4 DELETED

3. DEMISE AND TERM

3.1 Demise

In consideration of the rents, covenants, and agreements hereinafter reserved and contained on the part of the Tenant to be paid, observed, and performed, the Landlord hereby demises and leases to the Tenant, and the Tenant leases from the Landlord, the Premises.

3.2 Term

The Term of this Lease is the period set out in subclause 1.1(e), beginning on the Commencement Date.

4. RENT

4.1 Rent

The Tenant will pay the Landlord for the Premises, at the office of the Landlord's building manager, or at such other place as the Landlord may direct in writing, during the Term in lawful money of Canada without any set-off, abatement, compensation, or deduction whatsoever (unless expressly provided herein) on the days and at the times specified in this Lease, Rent that will include the aggregate of the sums specified in subclauses (a) and
(b) below:

(a) Annual Base Rent

Annual Base Rent in the amount per annum set out in subclause 1.1(g) for each respective Lease Year, subject to the adjustment provisions of subclause 4.2(c); and

(b) Additional Rent

The aggregate of the following:

(i) the Tenant's Share of Tax Cost;

(ii) the Tenant's Share of Operating Cost; and

(iii) such other amounts, charges, costs, and expenses as are required to be paid by the Tenant to the Landlord pursuant to this Lease in addition to Annual Base Rent.

4.2 Payment of Rent

The Rent provided for in this Article 4 will be paid by the Tenant as follows:

(a) Annual Base Rent

The Annual Base Rent will be paid in equal consecutive monthly instalments in advance on the first day of each month during the Term. The first monthly instalment of the Annual Base Rent will be paid by the Tenant on the Commencement Date. Where the Commencement Date is the first day of a month such instalment will be in respect of such month; where the

Commencement Date is not the first day of a calendar month, the Annual Base Rent for the period from the Commencement Date to the first day of the next

ensuing calendar month will be pro-rated on a per diem basis and paid on the Commencement Date and the first regular instalment of the Annual Base Rent will be paid on the first day of the first full calendar month of the Term. Thereafter, subsequent monthly instalments will each be paid in advance on the first day of each ensuing calendar month during the Term.

(b) Additional Rent Payments

The amount of any or all of the items of Additional Rent under subclause 4.1(b) that the Tenant is to pay may be estimated by the Landlord for such fiscal period or portion of it as the Landlord may determine. The Tenant agrees to pay to the Landlord the amount of such estimate in monthly instalments in advance in amounts and during the period specified by the Landlord on the dates and at the times for payment of the Annual Base Rent provided for in this Lease. The Landlord may make its estimates so that the Tenant's share of Additional Rent will be payable to the Landlord prior to the time the Landlord is obliged to pay the costs in respect of which the Additional Rent is payable. The Landlord may submit to the Tenant at any time during a period a re-estimate of the amount of Additional Rent payable by the Tenant under subclause 4.1(b) and a revised monthly instalment amount. As soon as reasonably possible after the end of the fiscal period for which such estimated payments have been made, the Landlord will make a final determination of Additional Rent for such fiscal period and will deliver a statement, accompanied by an auditors' report regarding Operating Costs, to the Tenant of the actual amount required to be paid as Additional Rent under subclause 4.1(b). If necessary, an adjustment will be made between the parties and any money owing by or to one party will be paid or credited within 30 days of such notice.

(c) Basis of Determining Rent

The Tenant acknowledges that the Annual Base Rent is calculated on the basis of the Rentable Area of the Premises, being as set out in subclause 1.1(d) and at the rate set out in subclause 1.1(g) for each square foot of Rentable Area. The Tenant agrees that the Landlord may adjust the Annual Base Rent and the Additional Rent in the event that the Rentable Area of the Premises is, in accordance with Section 17.4, determined to be different from the Rentable Area stated above.

(d) Method of Payment

The Tenant shall pay to the Landlord by way of electronic funds transfer amounts equal to the monthly payments for Annual Basic Rent and estimated Additional Rent, such payments to be made on the dates that they accrue due under this Lease.

4.3 Rent for Irregular Periods

All Rent reserved in this Lease will be deemed to accrue from day to day, and if for any reason it becomes necessary to calculate Rent for irregular periods of less than one year an appropriate pro-rata adjustment will be made on a daily basis in order to compute Rent for such irregular period.

4.4 Waiver of Set-offs

Except as expressly stated herein, the Tenant hereby waives and renounces any and all existing and future claims, set-offs, and compensation against any Rent and agrees to pay such Rent regardless of any claim, set-off, or compensation that may be asserted by the Tenant or on its behalf.

4.5 Application of Payments

All payments by the Tenant to the Landlord under this Lease will be applied toward such amounts then outstanding under this Lease as the Landlord determines.

4.6 Net Lease

The Tenant acknowledges and agrees that it is intended that this Lease will be a completely net lease for the Landlord except as otherwise provided in the specific provisions in this Lease, and that the Landlord will not be responsible during the Term for any costs, charges, expenses, and outlays of any nature arising from or relating to the Premises, and the Tenant, except as otherwise provided in the specific provisions in this Lease, will pay all charges, impositions, and costs of every nature and kind relating to the Premises whether or not referred to in this Lease provided they were in the contemplation of the Landlord or the Tenant, when the parties entered into the Lease.

5. TENANT'S COVENANTS

5.1 Tenant's Covenants

The Tenant covenants with the Landlord as follows:

5.2 Rent

Without duplication, to pay the Rent on the days and in the manner provided in this Lease and to pay all other amounts, charges, costs, and expenses as are required to be paid by the Tenant to the Landlord under this Lease.

5.3 Occupancy and Permitted Use

To take possession of and occupy the Premises and commence to carry on business in all or substantially all of the Premises within a reasonable time after the Commencement

Date, to use the Premises only for the purpose specified in subclause 1.1(h) (or such other purpose as approved by the Landlord, which approval the Landlord shall not unreasonably withhold), and not to use or permit to be used the Premises or any part of them for any other purpose, without the prior written approval of the Landlord.

5.4 Waste and Nuisance

Not to commit or permit any waste or injury to the Park or the Premises including the Leasehold Improvements and the trade fixtures in them; any overloading of the floors; any conduct that impedes or, in the opinion of the Landlord acting reasonably, could impede the business of any other occupant of the Park or that constitutes or, in the opinion of the Landlord acting reasonably, could constitute a nuisance to the Landlord, any other occupant of the Park, or anyone else; or any other use or manner of use that annoys or interferes with the operations of any other occupant of the Park or, in the opinion of the Landlord acting reasonably, may have an adverse impact on the reputation of the Park.

5.5 Insurance Risks

Not to do, omit to do, or permit to be done or omitted to be done upon the Premises anything that would cause the Landlord's cost of insurance to be increased (and, without waiving the foregoing prohibition, the Landlord may demand, and the Tenant will pay to the Landlord upon demand, the amount of any such increase of cost caused by anything so done or omitted to be done) or that will cause any policy of insurance to be subject to cancellation.

5.6 Maintenance of Premises

To cause when reasonably necessary from time to time the floors of the Premises to be swept and cleaned, the windows on the interior of the Premises to be cleaned, the desks, tables, and other furniture of the Tenant in the Premises to be dusted, and such other janitorial services as are reasonably necessary, such work to be done by the Tenant at its cost and expense. The Tenant shall not permit the Premises to become untidy, unsightly, or hazardous, or permit unreasonable quantities of waste or refuse to accumulate in them.

5.7 Compliance with Laws

To comply at its own expense with all municipal, provincial, and federal sanitary, fire, environmental, and safety laws, bylaws, regulations, and requirements pertaining to the operation and use of the Premises, the condition of the Leasehold Improvements, trade fixtures, furniture, and equipment installed in them, and the making by the Tenant of any repairs, changes or improvements in them.

5.8 Installations

To permit the Landlord during the Term, as a cost chargeable as an Operating Cost, to install any equipment in or make alterations to the Premises necessary to comply with the requirements of any statute, law, bylaw, ordinance, order, or regulation referred to in clause 5.7 and imposed after the Commencement Date, and to permit ingress and egress to and from the Premises by the Landlord or by other tenants of the Landlord or by their respective employees, servants, workers, and invitees, by use of fire exit doors in case of fire or emergency.

5.9 Tenants' Manual

To observe, and to cause its employees, invitees, and others over whom the Tenant can reasonably be expected to exercise control to observe the rules, regulations, and policies set out in the Tenant's Manual attached as Schedule C, and such further and other reasonable rules and regulations and amendments and changes to them as may hereafter be made by the Landlord, of which notice in writing will be given to the Tenant (collectively, the "**Tenants' Manual**"), and all such rules and regulations will be deemed to be incorporated into and form part of this Lease. The Tenant acknowledges and agrees that the rules, regulations, and policies set out in the Tenants' Manual are necessarily of uniform application, but may be waived in whole or in part in respect of other tenants without affecting their enforceability with respect to the Tenant and the Premises, and may be waived in whole or in part with respect to the Premises without waiving them as to future application to the Premises, and the imposition of the rules, regulations, and policies set out in the Tenants' Manual will not create or imply an obligation of the Landlord to enforce them or create any liability of the Landlord for their non- enforcement. Notwithstanding anything contained herein to the contrary, such changes or additions to such rules, regulations and policies in the Tenant's Manual shall not: (i) discriminate against the Tenant; (ii) materially or unreasonably interfere with or restrict the Tenant's conduct of its business or the Tenant's use or enjoyment of the Premises; or (iii) derogate materially from any of the Tenant's rights under this Lease.

5.10 Overholding

That if the Tenant continues to occupy the Premises after the expiration of this Lease without any further written agreement and without objection by the Landlord, the Tenant will be a monthly tenant at a monthly base rent equal to **[redacted]** of the monthly instalment of Annual Base Rent payable by the Tenant as provided in Article 4 during the last month of the Term and (except as to length of tenancy) subject to the provisions and conditions of this Lease.

5.11 Signs

Not to paint, display, inscribe, place, or affix any sign, symbol, notice, fixture, display or lettering of any kind anywhere outside the Premises (whether on the outside or inside of the Building) or within the Premises so as to be visiblefrom the outside of the Premises

without the Landlord's prior written consent, not to be unreasonably withheld, conditioned or delayed.

For clarity, the Tenant may be permitted, at its sole cost, and subject to obtaining the Landlord's prior written approval as to design, size and location (which approval the Landlord shall not unreasonably withhold, condition or delay), to install interior signage on a wall adjacent to or near the entrance of the Tenant's Premises containing the Tenant's business name and logo. For exterior wayfinding signage (within the existing signage program) directing invitees of the Tenant to its Premises, a proof and estimate to create and install the signage will be provided to the Tenant for review and approval, and all costs associated with creating and installing the wayfinding signage will be for the Tenant's account. The Landlord reserves the right to install such signage as an Additional Service. In the event the Tenant changes its name, all costs associated with updating signage will be for the Tenant's account.

5.12 Inspection and Access

Subject to Section 6.9, to permit the Landlord to have its authorized agents, employees, and contractors enter the Premises for the purpose of inspection, window cleaning, maintenance, providing janitorial service, or making repairs, alterations, or improvements to the Premises, the Building or the Park, or to have access to utilities and services or to determine the electric light and power consumption by the Tenant in the Premises, and the Tenant will provide access for the purpose, and will not be entitled to compensation for any inconvenience, nuisance, or discomfort caused thereby, provided, however, that if the exercise of the Landlord's rights herein has a substantial material effect, for a period of three business days or longer, on the ability of the Tenant to use and enjoy the Premises, Rent shall abate for the duration of such exercise by the Landlord of the rights herein. The Landlord in exercising its rights under this clause 5.12 will proceed to the extent reasonably possible so as to minimize interference with the Tenant's use and enjoyment of the Premises.

5.13 Showing Premises

Subject to Section 6.9, upon not less than**[redacted]**prior notice by the Landlord, to permit the Landlord and its authorized agents and employees to show the Premises to prospective tenants during the Normal Business Hours of the last **[redacted]** of the Term.

6. LANDLORD'S COVENANTS

6.1 Landlord's Covenants

The Landlord covenants with the Tenant as follows:

6.2 Quiet Enjoyment

Provided the Tenant pays the Rent and performs its other covenants in this Lease, the Tenant will and may peaceably possess and enjoy the Premises for the Term hereby granted, without any interruption or disturbance from the Landlord or its assigns, or any other person or persons lawfully claiming by, from, through, or under the Landlord.

6.3 Interior Climate Control

To provide to the Premises during Normal Business Hours, and as an Additional Service outside of Normal Business Hours, by means of a system for heating, cooling, filtering, and circulating air and processed air in such quantities, at such temperatures as will maintain in the Premises conditions of reasonable temperature and comfort in accordance with good standards of interior climate control generally pertaining at the date of this Lease applicable to similar buildings based on normal occupancy of premises for office purposes. The Tenant acknowledges that the comfort of the Tenant will be reduced if the Premises include installed partitions or other installations in locations that interfere with the proper operation of the said system or if window coverings on exterior windows are not fully closed while such windows are exposed to direct sunlight. The Tenant agrees that the Landlord will have no responsibility to provide for the removal of smoke, dust, or odours originating from within the Premises, except to the extent caused by the activities of the Landlord and those for whom the Landlord is in law responsible.

6.4 Elevators

Subject to the supervision of the Landlord, to furnish for use by the Tenant and its employees and invitees in common with others so entitled passenger elevator service to the Premises, and to furnish for the use of the Tenant in common with others so entitled at reasonable intervals and at such hours as the Landlord may select, and as an Additional Service outside of such hours, elevator service to the Premises for the carriage of furniture, equipment, deliveries, and supplies, provided however that if the elevators become inoperative or damaged or destroyed the Landlord will have a reasonable time within which to repair such damage or replace such elevator and the Landlord will repair or replace it as soon as reasonably possible, but in no event will be liable for indirect or consequential damages or other damages for personal discomfort or illness during such period of repair or replacement.

6.5 Entrances, Lobbies, and Other Common Areas

To permit the Tenant and its employees and invitees, in common with others so entitled, to have the use during Normal Business Hours of the roads, sidewalks and other common areas of the Park and the common entrances, lobbies, stairways, and corridors of the Building giving access to the Premises (subject to the Tenants' Manual in

Schedule C and such other reasonable limitations as the Landlord may from time to time impose).

6.6 Washrooms

To permit the Tenant and its employees and invitees in common with others so entitled to use the washrooms in the Building on the floor and floors on which the Premises are situate.

6.7 Maintenance of Common Areas

To cause the elevators, if any, common entrances, lobbies, stairways, corridors, washrooms, and other parts of the Building from time to time provided for common use and enjoyment to be swept, cleaned, or otherwise properly maintained as would a prudent owner of a similar class building.

6.8 Building Directory and Premises Signage

The Landlord will maintain a directory in the main entrance lobby of the Building and will list on the directory the name of the Tenant and the suite number(s) of the Premises. In addition, the Landlord will, at its cost, install building standard identification signage and at or near the entrance of the Premises containing only the name of the Tenant.

6.9 Restriction on Landlord's Access

Notwithstanding anything contained in this Lease to the contrary, the Landlord or its agents, workers or other persons authorized by the Landlord shall not enter upon the Premises unless:

(a) the Landlord provides the Tenant with not less than forty eight hours prior written notice (or such longer notice period as expressly set out herein) of such intention to enter upon the Premises, which notice shall set out the purpose for which the Landlord is entering upon the Premises, except in an emergency, where no notice is required provided that, before the Landlord enters the Premises in an emergency, it first uses reasonable efforts to inform the Tenant of its intention to enter the Premises; and

(b) the Landlord and its agents, workers and other persons authorized by the Landlord comply in all material respects with all security policies and protocols of the Tenant in respect of the Premises.

6.10 Representation and Warranty re: Title

The Landlord represents and warrants to the Tenant that the Foundation for the University of Victoria, as registered owner of the Lands, holds the entirety of its interest in and to the Lands as agent and bare trustee for and on behalf of the Vancouver Island Technology Park Trust.

7. REPAIR, DAMAGE, AND DESTRUCTION

7.1 Landlord's Repairs

The Landlord covenants with the Tenant:

(a) subject to subclause 7.3(b), to keep in a good and reasonable state of repair, and consistent with the general standards of office buildings of similar age and character in Victoria, British Columbia,

(i) the Building (other than the Premises and premises of other tenants) including the foundation, roof, exterior walls including glass portions thereof, the systems for interior climate control, the elevators, entrances, stairways, corridors, lobbies, and washrooms from time to time provided for use in common by the Tenant and other tenants of the Building and the systems provided for bringing utilities to the Premises; and

(ii) the structural members or elements of the Premises; and

(b) to repair defects in construction performed or installations made by the Landlord in the Premises and Insured Damage.

7.2 Tenant's Repairs

The Tenant covenants with the Landlord:

(a) subject to subclause 7.3(b), to keep the Premises in a good and reasonable state of repair and consistent with the general standards of office buildings of similar age and location in Victoria, British Columbia, including all Leasehold Improvements and all trade fixtures and all glass in them other than glass portions of exterior walls, but with the exception of reasonable wear and tear and with the exception of structural members or elements of the Premises, defects in construction performed or installations made by the Landlord and Insured Damage therein;

(b) subject to Section 6.9, that the Landlord may enter and view the state of repair, and that the Tenant will repair according to notice in writing, and that the Tenant will leave the Premises in a good and reasonable state of repair, subject always to the exceptions referred to in subclause 7.2(a); and

(c) that if any part of the Park or the Building including the systems for interior climate control and for the provision of utilities becomes out of repair, damaged, or destroyed through the negligence or misuse of the Tenant or its employees, invitees, or others over which the Tenant can reasonably be expected to exercise control, the expense of repairs or replacements necessitated thereby will be reimbursed to the Landlord promptly upon demand.

7.3 Abatement and Termination

It is agreed between the Landlord and the Tenant that in the event of damage to the Premises or to the Building:

(a) if the damage is such that the Premises or any substantial part of them are rendered not reasonably capable of use and occupancy by the Tenant for the purposes of its business for any period of time in excess of **[redacted]**, then:

(i) unless the damage was caused by the fault or negligence of the Tenant or its employees, invitees, or others under its control, from and after the date of occurrence of the damage and until the Premises are again reasonably capable of use and occupancy as specified, Rent will abate from time to time in proportion to the part or parts of the Premises not reasonably capable of use and occupancy, and

(ii) unless this Lease is terminated as hereinafter provided, the Landlord or the Tenant, as the case may be (according to the nature of the damage and their respective obligations to repair as provided in clauses 7.1 and 7.2) will repair such damage with all reasonable diligence, but to the extent that any part of the Premises is not reasonably capable of such use and occupancy by reason of damage that the Tenant is obligated to repair under this Lease, any abatement of Rent to which the Tenant is otherwise entitled under this Lease will not extend later than the time by which, in the reasonable opinion of the Landlord, repairs by the Tenant ought to have been completed with reasonable diligence; and

(b) if either:

(i) the Premises; or

(ii) premises, whether of the Tenant or other tenants of the Building, comprising in the aggregate **[redacted]** or more of the Rentable Area of the Building

are substantially damaged or destroyed by any cause to the extent such that in the reasonable opinion of the Landlord they cannot be repaired or rebuilt (based on standard hours of construction work) within **[redacted]**after the occurrence of the damage or destruction, then either the Landlord or the Tenant may at its option, exercisable by

written notice to the Tenant or the Landlord, as the case may be, given within 60 days after the occurrence of such damage or destruction, terminate this Lease, in which event neither the Landlord nor the Tenant will be bound to repair as provided in clauses 7.1 and 7.2, and the Tenant will instead deliver up possession of the Premises to the Landlord with reasonable expedition but in any event within 60 days after delivery of such notice of termination, and Rent will be apportioned and paid to the date upon which possession is so delivered up (but subject to any abatement to which the Tenant may be entitled under subclause 7.3(a) by reason of the Premises having been rendered in whole or in part not reasonably capable of use and occupancy), but otherwise the Landlord or the Tenant as the case may be (according to the nature of the damage and their respective obligations to repair as provided in clauses 7.1 and 7.2) will repair such damage with reasonable diligence.

7.4 Service Interruptions

The Tenant acknowledges to the Landlord that the operation of systems and the availability of facilities may be interrupted from time to time in cases of accident and emergency, in order to carry out maintenance, repairs, alterations, replacements, and upgrading, or for any other reasonable reason required by the Landlord. During periods of such interruption, any obligation of the Landlord to provide access to such systems and facilities or common areas of the Park or the Building will be suspended and clause 14.1 will apply. Notwithstanding anything herein to the contrary where the foregoing rights of the Landlord are likely to interfere with the Tenant's quiet enjoyment of the Premises, they shall only be exercised after reasonable notice in writing to the Tenant (except in the case of an emergency), with the minimum of inconvenience to the Tenant's quiet enjoyment of the Premises and the Tenant's use of the common areas, and so as not to materially reduce convenient access to the Premises.

8. TAXES AND OPERATING COSTS

8.1 Landlord's Tax Obligations

The Landlord covenants with the Tenant, subject to clause 8.2, to pay to the taxing authority or authorities having jurisdiction, all Taxes.

8.2 Tenant's Tax Obligations

The Tenant covenants with the Landlord:

(a) to pay when due, all taxes, business taxes, business licence fees, and other taxes, rates, duties or charges levied, imposed, or assessed by lawful authority in respect of the use and occupancy of the Premises by the Tenant, the business or businesses carried on in them, or the equipment, machinery, or fixtures brought

in them by or belonging to the Tenant, or to anyone occupying the Premises with the Tenant's consent, or from time to time levied, imposed, or assessed in the future in addition or in lieu thereof, and to pay to the Landlord upon demand the

portion of any tax, rate, duty, or charge levied or assessed upon the Park that is attributable to any equipment, machinery, or fixtures on the Premises that are not the property of the Landlord or that may be removed by the Tenant;

(b) to pay promptly to the Landlord when demanded or otherwise due hereunder all Taxes in respect of all Leasehold Improvements in the Premises; and

(c) to pay to the Landlord in the manner specified in subclause 4.2(b) (without duplication) the Tenant's Share of the Tax Cost.

8.3 Goods and Services Tax

The Tenant will pay to the Landlord goods and services tax in accordance with the applicable legislation at the same time as the amounts to which such goods and services tax apply are payable to the Landlord under the terms of this Lease or upon demand at such other time or times as the Landlord from time to time determines. The Landlord will provide the Tenant with its goods and services tax registration number. Notwithstanding any other section of this Lease, the amount payable by the Tenant under this clause will be deemed not to be Rent, but the Landlord will have the same remedies for and rights of recovery of such amount as it has for recovery of Rent under this Lease.

8.4 Tenant's Tax Cost

After the commencement of the Term of this Lease and prior to the commencement of each fiscal period determined by the Landlord thereafter that commences during the Term, the Landlord, acting reasonably, may estimate the Tax Cost, or any instalment on account of the Tax Cost, to become due on any date during the ensuing fiscal period or (if applicable) portion of it, as the case may be, and the amount of it that will be payable by the Tenant, and notify the Tenant in writing of such estimate. If the Tenant has overpaid such Tax Cost, the Landlord will refund any excess paid, but if any balance remains unpaid, the Landlord will fix monthly instalments for the then remaining balance of such fiscal period or portion of it such that, after giving credit for instalments paid by the Tenant under this clause 8.4 in respect of such calendar year, the entire Tenant's Share of Tax Cost will be fully payable prior to the time the Landlord is obliged to pay the Taxes in respect of which the Tenant's Share of Tax Cost is payable. If for any reason the Tax Cost is not finally determined within such fiscal period or portion of it, the parties will make the appropriate readjustment when such Tax Cost becomes finally determined. The Landlord and the Tenant acknowledge that Taxes in respect of the Park may be payable during the course of a year as prepayment for the Taxes accruing due in respect of such year, and if the Term ends during a year, then the appropriate adjustment will be made under clause 4.3. Any report of the Landlord's auditor as to the Tax Cost will be conclusive as to the amount for any period to which such report relates.

8.5 Postponement of Payment of Taxes

The Landlord may postpone payment of any Taxes payable by it under clause 8.1 to the extent permitted by law if prosecuting in good faith any appeal against the assessment of the Park for Taxes or the imposition of Taxes.

8.6 Receipts for Payment

Whenever requested by the Landlord, the Tenant will deliver to it receipts for payment of all taxes, rates, duties, levies, and assessments payable by the Tenant under subclauses 8.2(a) and (b) and furnish such other related information as the Landlord may reasonably require.

8.7 Operating Cost

During the Term of the Lease the Tenant will pay to the Landlord in the manner specified in clauses 4.1 and 4.2 (without duplication) the Tenant's Share of Operating Cost. Any report of the Landlord's auditor as to Operating Cost will be conclusive, in the absence of manifest error, as to the amount for any period to which such report relates.

8.8 Allocation to Particular Tenant

Notwithstanding any of the foregoing, whenever in the Landlord's reasonable opinion any Operating Cost or item of Operating Cost properly relates to a particular tenant or tenants within the Park, the Landlord may allocate such Operating Cost or item of Operating Cost to such tenant or tenants Any amount allocated by the Landlord to the Tenant under this clause will be payable by the Tenant promptly upon demand. Any Operating Cost or item of Operating Cost allocated to a tenant or tenants in the Park will be credited in computing Operating Cost to the extent that it would otherwise have been included.

8.9 Records regarding Additional Rent

The Landlord shall keep all records relating to any expenditure included within the definition of Additional Rent (including, without limitation, Operating Cost or Tax Costs) for a period of **[redacted]** following the end of the fiscal period in which said expenditure was incurred.

9. UTILITIES AND ADDITIONAL SERVICES

9.1 Utilities

The Landlord will furnish ducts for bringing telephone and other telecommunication services to the floor upon which the Premises are located and will provide water to washrooms available for the Tenant's use in common with others so entitled.

9.2 Additional Services

If the Tenant requires any janitorial or cleaning services to the Premises additional to those required performed by the Tenant pursuant to clause 5.6, or wishes to move furniture or equipment or make repairs or alterations within the Premises, or requires other service in the Premises, then the Landlord may at its option, by way of Additional Services, provide or have its designated agents or contractors provide such service. The Cost of Additional Services provided will be paid to the Landlord by the Tenant from time to time promptly upon receipt of invoices for them from the Landlord. The Cost of Additional Services charged directly to the Tenant and other tenants will be credited in computing Operating Cost to the extent that it would otherwise have been included.

9.3 Additional Utilities

Upon request by the Tenant, the Landlord may agree from time to time to supply additional heating, ventilating, and air-conditioning, electricity, or other services to the Premises above those normally provided to tenants of the Building or outside Normal Business Hours. The Tenant will pay to the Landlord in the manner in which Operating Cost is paid any additional costs of the Landlord that may arise in respect of the use by the Tenant of the Premises for business hours that do not coincide with Normal Business Hours for the Building generally or that may arise in respect of additional heating, ventilating, and air-conditioning, electricity, and other services that are arranged to be provided to the Tenant over and above those normally provided to tenants of the Building or outside of Normal Business Hours, together with the Landlord's reasonable administrative costs in respect of managing, administering, and billing for such services. The Landlord reserves the right to install at the Tenant's expense meters to check the Tenant's consumption of electricity, water, or other utilities.

9.4 Energy Conservation

The Tenant covenants with the Landlord:

(a) that the Tenant will cooperate with the Landlord in the conservation of all forms of energy in the Building, including without limitation the Premises;

(b) that the Tenant will comply with all laws, bylaws, regulations, and orders relating to the conservation of energy and affecting the Premises or the Building;

(c) that the Tenant will at its own cost and expense comply with all reasonable requests and demands of the Landlord made with a view to such energy conservation, provided that doing as such does not: (i) discriminate against the

Tenant; (ii) materially or unreasonably interfere with or restrict the Tenant's conduct of its business or the Tenant's use or enjoyment of the Premises; or

(i) derogate from any of the Tenant's rights under this Lease; and

(d) that any and all costs and expenses paid or incurred by the Landlord in complying with such laws, bylaws, regulations, and orders, so far as the same apply to or are reasonably apportioned to the Building by the Landlord, will be included in Operating Cost.

The Landlord will not be liable to the Tenant in any way for any loss, costs, damages, or expenses, whether direct or consequential, paid, permitted, or incurred by the Tenant as a result of any reduction in the services provided by the Landlord to the Tenant or to the Building or the Park as a result of the Landlord's compliance with such laws, bylaws, regulations, or orders.

10. LICENCES, ASSIGNMENTS, AND SUBLETTINGS

10.1 Licences, Franchises, and Concessions

The Tenant will not permit any part of the Premises to be used or occupied by any persons other than the Tenant, any subtenants permitted under clause 10.2, and the employees of the Tenant, or permit any part of the Premises to be used or occupied by any licensee, franchisee, or concessionaire, or permit any persons to be upon the Premises other than the Tenant, such permitted subtenants, and their respective employees, customers, and others having lawful business with them.

10.2 Assignment and Subletting

The Tenant will not assign this Lease or sublet the whole or any part of the Premises, unless

(a) it has received or procured a bona fide written offer to take an assignment or sublease that is not inconsistent with, and the acceptance of that would not breach any provision of, this Lease if this clause is complied with, and that the Tenant has determined to accept subject to this clause being complied with, and

(b) it has first requested and obtained the consent in writing of the Landlord.

Any request for such consent will be in writing and accompanied by a true copy of such offer, and the Tenant will furnish to the Landlord all information available to the Tenant and requested by the Landlord as to the responsibility, reputation, financial standing, and business of the proposed assignee or subtenant. Within **[redacted]**after the receipt by the Landlord of such request for consent and of all information the Landlord has requested under this clause 10.2 (and if no such information has been requested, within **[redacted]**after receipt of such request for consent) the Landlord will have the right upon written notice to the Tenant to:

(i) in the case of a proposed sublease, either sublet from the Tenant any portion of the Premises proposed to be sublet for the term for which such portion is proposed to be sublet but at the same Annual Base Rent and Additional Rent per

square foot of Rentable Area of such portion as the Tenant is required to pay to the Landlord under this Lease for such portion or, if the proposed sublease is for all or substantially all of the remainder of the Term, terminate this Lease as it pertains to the portion of the Premises so proposed by the Tenant to be sublet; or

(ii) in the case of a proposed assignment, terminate this Lease.

If the Landlord terminates this Lease with respect to all or a portion of the Premises, such termination will be effective on the date stipulated in the notice of termination, which will not be less than 60 days or more than 90 days following the giving of such notice, and the Tenant will surrender the whole or part, as the case may be, of the Premises in accordance with such notice, and Rent will be apportioned and paid to the date of surrender and, if a part only of the Premises is surrendered, Rent payable under clause 4.1 will thereafter abate proportionately. If the Landlord consents to any proposed assignment or subletting, the Tenant will assign or sublet, as the case may be, only upon the terms set out in the offer submitted to the Landlord as specified and not otherwise. As a condition of the Landlord's consent, the assignee or subtenant, as the case may be, will agree (and will be deemed to have agreed) with the Landlord to observe the obligations of the Tenant under this Lease as they relate to the space assigned or sublet (except, in the case of a sublease, the Tenant's covenant to pay Rent) by entering into an assumption agreement with the Landlord and the Tenant, in the Landlord's then standard form, and will pay the Landlord's then current processing charge and reasonable solicitor's fees and disbursements for preparing such agreement. The Tenant further agrees that if the Landlord consents to any such assignment or subletting, the Tenant will be responsible for and will hold the Landlord harmless from any and all capital costs for Leasehold Improvements and all other expenses, costs, and charges with respect to or arising out of any such assignment or subletting. Notwithstanding any such consent being given by the Landlord and such assignment or subletting being effected, the Tenant will remain bound to the Landlord for the fulfilment of all the terms, covenants, conditions, and agreements in this Lease. Any consent by the Landlord to any assignment or subletting will not constitute a waiver of the requirement for consent by the Landlord to any subsequent assignment or subletting by either the Tenant or any assignee or subtenant.

10.3 Landlord Not to Unreasonably Withhold Consent

If the Tenant complies with clauses 10.1 and 10.2 and the Landlord does not exercise an option provided to the Landlord under clause 10.2, then the Landlord's consent to a proposed assignment or sublet will not be unreasonably withheld. Without limiting the other instances in which it may be reasonable for the Landlord to withhold its consent to

an assignment or subletting, it will be reasonable for the Landlord to withhold its consent in the following instances:

(a) in the Landlord's reasonable judgment, the use of the Premises by the proposed assignee or sublessee would involve occupancy by other than primarily general

office personnel, lessen the value of the Leasehold Improvements in the Premises, would require increased services by the Landlord, including increased load on elevator services, or would alter the reputation or character of the Building or the Park;

(b) in the Landlord's reasonable judgment, the proposed assignee or subtenant is not creditworthy or does not have a good reputation in the community as a tenant of property;

(c) in the Landlord's reasonable judgment, the Premises, or the relevant part of them, will be used in a manner that will violate any covenant contained in any other lease of space in or agreement affecting the Building or the Park, or will violate any applicable law, bylaw, or regulation;

(d) the proposed assignment or sublease will create a vacancy elsewhere in the Building or the Park or the proposed assignee or subtenant is a person with whom the Landlord is negotiating to lease space in the Building or elsewhere in the Park;

(e) in the case of a subletting of less than the entire Premises, the subletting would result in the division of the Premises into more than two subparcels or would require access to be provided through space leased or held for lease to another tenant or improvements to be made outside the Premises; or

(f) the Landlord does not receive sufficient information from the Tenant about the proposed assignee or subtenant to enable it to make a determination concerning the proposed assignment or sublet.

The Tenant acknowledges that the Landlord will not be liable to the Tenant in damages where, in giving good faith consideration to any request of the Tenant under this clause 10.3, it withholds its consent to a proposed assignment or sublease.

10.4 Terms of Consent

If the Landlord consents in writing to an assignment or sublease as contemplated in this Article 10, the Tenant may complete such assignment or sublease, provided that no assignment or sublease will be valid and no assignee or subtenant will take possession of the Premises or any part of them until an executed duplicate original of such assignment or sublease has been delivered to the Landlord.

10.5 Change in Control of Tenant

(a) If the Tenant is a corporation but none of its shares are traded on any public stock exchange or in any public stock market, and if by operation of law or by the sale, bequest, or other disposition of its shares or securities the control or the beneficial ownership of such corporation is changed at any time during the Term of this Lease, such change will be deemed to be an assignment of this Lease within the meaning of clause 10.2. If such control or beneficial ownership is changed

without the prior written consent of the Landlord, the Landlord may, at its option, cancel this Lease upon giving **[redacted]**notice to the Tenant of its intention to cancel, and this Lease and the Term will thereupon be cancelled.

For greater certainty, the foregoing provisions of Section 10.5(a) shall not apply, and the Landlord's consent to a change of control or beneficial ownership of the Tenant will be required, if:

(i) the Tenant is a public corporation whose shares are listed for sale on a public stock exchange or in any public stock market; or

(ii) the Tenant is a private corporation which is controlled, directly or indirectly, by a public corporation whose shares are listed for sale on a public stock exchange or in any public stock market.

(b) If the Tenant is a partnership and if at any time during the term of this Lease any person who at the time of the execution of this Lease owns a partner's interest ceases (other than through death) to own such partner's interest or there is a material change in the ownership, in the reasonable opinion of the Landlord, of such partner's interest, such cessation or change of ownership will constitute an assignment of this Lease for all purposes of this Article 10.

(c) Upon request of the Landlord from time to time, a Tenant that is a corporation or partnership will make available to the Landlord for inspection or copying or both, all books and records of the Tenant that, alone or with other data, in the case of a Tenant that is a corporation, identify the ownership of all of the shares and securities of the Tenant, and in the case of a Tenant that is a partnership, identify the partners of the Tenant and their respective interests in the partnership, all from the commencement of the Term or the date of earlier execution of this Lease up to the date such books and records are made available to the Landlord.

11. FIXTURES AND IMPROVEMENTS

11.1 Installation of Fixtures and Improvements

The Tenant will not make, erect, install, or alter any Leasehold Improvements or trade fixtures in the Premises, any safe or special lock in the Premises, or any apparatus for illumination, air-conditioning, cooling, heating, refrigerating, or ventilating the Premises, in any case without having requested and obtained the Landlord's prior written

approval, which the Landlord will not unreasonably withhold. In making, erecting, installing, or altering any Leasehold Improvements or trade fixtures, the Tenant: (a) will comply with the procedures set out in Schedule F; (b) will comply with any other tenant construction guidelines established by the Landlord from time to time in respect of the Park; (c) will obtain all required building and occupancy permits; (d) will not alter or interfere with any installations that have been made by the Landlord without the prior written approval of the Landlord; and (e) in no event will alter or interfere with window coverings installed

by the Landlord on exterior windows. The Tenant's request for any approval under this clause 11.1 will be in writing and accompanied by a reasonably detailed description of the contemplated work and, where appropriate, plans, working drawings, and specifications of the work. Any out-of-pocket expense incurred by the Landlord in connection with any such approval will be deemed incurred by way of Additional Services. All work to be performed in the Premises will be performed by competent contractors and subcontractors of whom the Landlord will have approved (such approval not to be unreasonably withheld, but provided that the Landlord may require that the Landlord's contractors and subcontractors be engaged for any mechanical or electrical work) and by workers whose labour union affiliations are compatible with those of workers employed by the Landlord and its contractors and subcontractors. All such work will be subject to inspection by and the reasonable supervision of the Landlord as an Additional Service and will be performed in accordance with any reasonable conditions or regulations imposed by the Landlord and completed in good and workmanlike manner in accordance with the description of the work approved by the Landlord.

11.2 Liens and Encumbrances on Fixtures and Improvements

In connection with the making, erection, installation, or alteration of Leasehold Improvements and trade fixtures, and all other work or installations made by or for the Tenant in the Premises, the Tenant will comply with all of the provisions of the Builders Lien Act, S.B.C. 1997, c. 45, as such legislation may be amended or substituted from time to time (including any provision requiring or enabling the retention of portions of any sums payable by way of holdbacks), will permit the Landlord to take all steps to enable the Landlord to obtain the benefit of the provisions of the Builders Lien Act, and, except as to any lawful holdback, will promptly pay all accounts relating to those provisions. If and when any builders' or other lien for work, labour, services, or materials supplied to or for the Tenant or for the cost of which the Tenant may be in any way liable or claims for such a lien arise or are filed, the Tenant will within 20 days after receipt of notice of it procure the discharge of it, including any certificate of action registered in respect of any lien, by payment or giving security or in such other manner as may be required or permitted by law, and failing which the Landlord may in addition to all other remedies under this Lease avail itself of its remedy under clause 15.1 and may make any payments required to procure the discharge of any such liens or encumbrances, and will be entitled to be reimbursed by the Tenant as provided in clause 15.1, and its right to reimbursement will not be affected or impaired if the Tenant then or subsequently establishes or claims that any lien or encumbrance so discharged was without merit or excessive or subject to any abatement, set-off, or defence. This clause will not prevent

the Tenant granting a security interest in its furniture or equipment that are not in the nature of fixtures.

11.3 Removal of Fixtures and Improvements

All Leasehold Improvements in or upon the Premises will immediately upon affixation be and become the Landlord's property without compensation to the Tenant. Except to the extent otherwise expressly agreed by the Landlord in writing, no Leasehold Improvements, trade fixtures, furniture, or equipment will be removed by the Tenant

from the Premises either during or at the expiration or sooner termination of the Term, except that:

(a) the Tenant may at the end of the Term remove its trade fixtures;

(b) the Tenant will at the end of the Term remove such of the Leasehold Improvements and trade fixtures as the Landlord requires to be removed; and

(c) the Tenant will remove its furniture and equipment at the end of the Term, and also during the Term in the usual and normal course of its business where such furniture or equipment has become excess for the Tenant's purposes or the Tenant is substituting new furniture and equipment.

The Tenant will, in the case of every removal either during or at the end of the Term, immediately make good any damage caused to the Premises by the installation and removal.

11.4 Alterations by Landlord

The Landlord reserves the right from time to time to:

(a) make any deletions, changes, and additions to the equipment, appliances, pipes, plumbing, wiring conduits, ducts, shafts, structures, and facilities of every kind throughout the Building, including the Premises;

(b) alter the location and nature of common areas of the Building and the Park, including Service Areas, make reductions to it, erect additions to it, and extend any part of it; and

(c) make alterations and additions to the Building and the Park;

and in exercising any such rights, the Landlord will take reasonable steps to minimize any interference caused to the Tenant's access to and from, and operations in, the Premises, but by exercising any such rights, the Landlord will not be deemed to have constructively evicted the Tenant or otherwise to be in breach of this Lease, nor will the Tenant be entitled to any abatement of rent or other compensation from the Landlord.

11.5 Charge on Leasehold Improvements

Intentionally deleted.

12. INSURANCE AND LIABILITY

12.1 Landlord's Insurance

The Landlord will be deemed to have insured (for which purpose it will be a co-insurer, if and to the extent that it will not have insured) the Building and all improvements and

installations made by the Landlord in the Premises, except to the extent hereinafter specified, in respect of perils and to amounts and on terms and conditions that from time to time are insurable at a reasonable premium and that are normally insured by reasonably prudent owners of properties similar to the Building, as from time to time determined at reasonable intervals (but that need not be determined more often than annually) by insurance advisors selected by the Landlord, whose written opinion will be conclusive. Upon the request of the Tenant from time to time the Landlord will furnish a statement as to the perils in respect of which and the amounts to which it has insured the Building. The Landlord may maintain such other insurance in such amounts and upon such terms as would normally be carried by a prudent owner.

12.2 Tenant's Insurance

The Tenant will take out and keep in force during the Term:

(a) commercial general liability (including bodily injury, death, and property damage) insurance on an occurrence basis with respect to the business carried on, in, or from the Premises and the Tenant's use and occupancy of them, of not less than **[redacted]**per occurrence, which insurance will include the Landlord as an additional insured and will protect the Landlord in respect of claims by the Tenant as if the Landlord were separately insured; and

(b) all risks property insurance upon all property in the Premises owned or leased by the Tenant or for which the Tenant is legally liable including but not limited to its furniture, fixtures, and all Tenant Improvements, and insurance upon all glass and plate glass in the Premises, against breakage and damage from any cause, all in an amount equal to the full replacement value thereof, which amount in the event of a dispute shall be determined by the decision of the Landlord, and which insurance will include the Landlord as Loss Payee as the Landlord's interest may appear with respect to the Leasehold Improvements and provided that any proceeds recoverable in the event of loss to Leasehold Improvements will be payable to the Landlord, but the Landlord agrees to make available such proceeds toward the repair or replacement of the Tenant Improvements if this Lease is not terminated under any other provision of it; and

(c) tenant's fire legal liability insurance in an amount not less than the actual cash value of the Premises.

All insurance required to be maintained by the Tenant under this Lease will be on terms and with insurers to which the Landlord has no reasonable objection and will provide that such insurers will provide to the Landlord 30 days' prior written notice of cancellation or material alteration of such terms. The Tenant will furnish to the Landlord certificates or other evidence acceptable to the Landlord as to the insurance from time to time required to be effected by the Tenant and its renewal or continuation in force, either by means of a certified copy of the policy or policies of insurance with all amendments and endorsements or a certificate from the Tenant's insurer that, in the case of comprehensive general liability insurance, will provide such information as the Landlord

reasonably requires.. If the Tenant fails to take out, renew, and keep in force such insurance the Landlord may do so as the agent of the Tenant and the Tenant will repay to the Landlord any amounts paid by the Landlord as premiums promptly upon demand.

12.3 Limitation of Landlord's Liability

The Tenant agrees that:

(a) the Landlord will not be liable for any bodily injury to or death of, or loss or damage to any property belonging to, the Tenant or its employees, invitees, or licensees or any other person in, on, or about the Park, or for any interruption of any business carried on in the Premises, and, without limiting the generality of the foregoing, in no event will the Landlord be liable:

(i) for any damage other than Insured Damage or for bodily injury or death of anyone resulting from fire, explosion, earthquake, flood, falling plaster, steam, gas, electricity, water, rain, snow, dampness, or leaks from any part of the Premises or from the pipes, appliances, electrical system, plumbing works, roof, subsurface, or other part or parts of the Park or from the streets, lanes, and other properties adjacent to them;

(ii) for any damage, injury, or death caused by anything done or omitted by the Tenant or any of its servants or agents or by any other tenant or person in the Park;

(iii) for the non-observance or the violation of any provision of any of the rules and regulations of the Landlord in effect from time to time (including the Tenants' Manual) or of any lease by another tenant of premises in the Park or any concessionaire, employee, licensee, agent, customer, officer, contractor, or other invitee of any of them, or by anyone else;

(iv) for any act or omission (including theft, malfeasance, or negligence) on the part of any agent, contractor, or person from time to time employed by it to perform janitorial services, security services, supervision, or any other work in or about the Premises or the Park;

(v) for loss or damage, however caused, to money, securities, negotiable instruments, papers, or other valuables of the Tenant or any of its servants or agents;

(vi) for the failure to supply interior climate control or elevator service when prevented from doing so by strikes, the necessity of repairs, any order or regulation of any body having jurisdiction, the failure of the supply of any utility required for the operation thereof, or any other cause beyond the Landlord's reasonable control; or

(vii) for any bodily injury, death, or damage to property arising from the use of, or any happening in or about, any elevator; and,

(b) the Tenant releases and discharges the Landlord from any and all actions, causes of action, claims, damages, demands, expenses, and liabilities that the Tenant now or hereafter may have or incur arising from any matter for which the Landlord is not liable under subclause 12.3(a).

12.4 Limitation of Tenant's Liability

The Landlord releases the Tenant from all claims or liabilities:

in respect of any damage that is Insured Damage, to the extent of the cost of repairing such damage, but not from injury, loss or damage that is consequential to it or that arises from it where the Tenant is negligent or otherwise at fault; and

12.5 Indemnity of Landlord

Except as provided in clause 12.4, the Tenant agrees to indemnify and save harmless the Landlord in respect of all claims for bodily injury or death, property damage, or other loss or damage arising from the conduct of any work by or any act or omission of the Tenant or any assignee, subtenant, agent, employee, contractor, invitee, or licensee of the Tenant, and in respect of all costs, expenses, and liabilities incurred by the Landlord in connection with or arising out of all such claims, including the expenses of any action or proceeding pertaining to them, and in respect of any loss, costs, expense, or damage suffered or incurred by the Landlord arising from any breach by the Tenant of any of its covenants and obligations under this Lease. This indemnity will survive the expiry or termination of this Lease.

13. SUBORDINATION, ATTORNMENT, REGISTRATION, AND CERTIFICATES

13.1 Tenant's Covenants

The Tenant agrees with the Landlord that:

13.2 Sale or Financing of Park

The rights of the Landlord under this Lease may be mortgaged, charged, transferred, or assigned to a purchaser or purchasers, or to a mortgagee or trustee for bond holders, and in the event of a sale or of default by the Landlord under any mortgage, trust deed, or trust indenture and the purchaser, mortgagee, or trustee, as the case may be, duly entering into possession of the Building or the Premises, the Tenant agrees to attorn to and become the tenant of such purchaser or purchasers, mortgagee, or trustee under the terms of this Lease.

13.3 Subordination and Attornment

If required by any mortgagee or the holder of any trust deed or trust indenture, this Lease and all rights of the Tenant under this Lease will be subject and subordinate to all mortgages, trust deeds, or trust indentures now or hereafter existing that may now or hereafter affect the Park and to all renewals, modifications, consolidations, replacements, and extensions of them. The Tenant, whenever required by any mortgagee (including any trustee under a trust deed or trust indenture), will attorn to such mortgagee as the tenant upon all of the terms of this Lease, provided the mortgagee enters in a non-disturbance agreement, acknowledging and protecting the rights of the Tenant, on a form acceptable to the Tenant, acting reasonably. The Tenant agrees to execute and deliver promptly whenever requested by the Landlord or by such mortgagee an instrument of subordination or attornment, as the case may be, as may be required of it, in exchange for such non-disturbance agreement.

13.4 Registration

The Tenant agrees that the Landlord will not be obliged to deliver this Lease in form registrable under the Land Title Act, R.S.B.C. 1996, c. 250 and covenants and agrees with the Landlord not to register this Lease.

13.5 Certificates

The Tenant agrees with the Landlord that the Tenant will promptly whenever requested by the Landlord from time to time execute and deliver to the Landlord and, if required by the Landlord, to any mortgagee (including any trustee under a trust deed or trust indenture) or prospective purchaser (as designated by the Landlord) a certificate in writing as to the status of this Lease at that time, including as to whether it is in full force and effect, is modified or unmodified, confirming the Rent payable under this Lease and the state of the accounts between the Landlord and Tenant, the existence or non- existence of defaults, and any other customary matters pertaining to this Lease as to which the Landlord reasonably requests a certificate.

13.6 Assignment by Landlord

In the event of the sale by the Landlord of the Park or the Building or a portion of it containing the Premises or the assignment by the Landlord of this Lease or any interest of the Landlord under this Lease, and to the extent that such purchaser or assignee has

assumed the covenants and obligations of the Landlord under this Lease, the Landlord will, without further written agreement, be freed and relieved of liability upon such covenants and obligations.

14. OCCURRENCE OF DEFAULT

14.1 Unavoidable Delay

Except as otherwise expressly provided in this Lease, if and whenever and to the extent that either the Landlord or the Tenant is prevented, delayed, or restricted in the fulfilment of any obligations under this Lease in respect of the supply or provision of any service or utility, the making of any repair, the doing of any work or any other thing (other than the payment of Rent) by reason of civil commotion, war-like operation, invasion, rebellion, hostilities, sabotage, strike, or work stoppage, or being unable to obtain any material, service, utility, or labour required to fulfil such obligation or by reason of any statute, law, or regulation of or inability to obtain any permission from any governmental authority having lawful jurisdiction preventing, delaying, or restricting such fulfilment, or by reason of other unavoidable occurrence other than lack of funds, the time for fulfilment of such obligation will be extended during the period in which such circumstance operates to prevent, delay, or restrict the fulfilment of it, and the other party to this Lease will not be entitled to compensation for any inconvenience, nuisance, or discomfort thereby occasioned, nor will Rent abate; but nevertheless the Landlord will use reasonable efforts to maintain services essential to the use and enjoyment of the Premises.

14.2 No Admission

The acceptance of any Rent from or the performance of any obligation under this Lease by a person other than the Tenant will not be construed as an admission by the Landlord of any right, title, or interest of such person as a subtenant, assignee, transferee, or otherwise in the place and stead of the Tenant.

14.3 Part Payment

The acceptance by the Landlord of a part payment of any sums required to be paid under this Lease will not constitute waiver or release of the right of the Landlord to payment in full of such sums.

15. TENANT'S DEFAULT, REMEDIES OF LANDLORD, AND SURRENDER

15.1 Remedying by Landlord, Non-payment, and Interest

In addition to all the rights and remedies of the Landlord available to it in the event of any default under this Lease by the Tenant, either by any other provision of this Lease or by statute or the general law, the Landlord:

(a) will have the right at all times to remedy or attempt to remedy any default of the Tenant, and in so doing may make any payments due or alleged to be due by the Tenant to third parties and may enter upon the Premises to do any work or other things in them, and in such event all expenses of the Landlord in remedying or attempting to remedy such default together with an administrative charge equal

to [redacted]of the total of such expenses will be payable by the Tenant to the Landlord promptly upon demand;

(b) will have the same rights and remedies in the event of any non-payment by the Tenant of any amounts payable by the Tenant under any provision of this Lease as in the case of non-payment of Rent;

(c) if the Tenant fails to pay any Rent promptly when due, will be entitled, if it demands it, to interest thereon at a rate of [redacted]; and

(d) will be entitled to be reimbursed by the Tenant, and the Tenant will promptly pay the Landlord, the amount of all costs and expenses (including, without limitation, legal costs on a solicitor-and-own-client basis) incurred by the Landlord in connection with the default or in efforts to enforce any of the rights, or to seek any of the remedies, to which the Landlord is or may be entitled under this Lease.

15.2 Remedies Cumulative

The Landlord may from time to time resort to any or all of the rights and remedies available to it in the event of any default under this Lease by the Tenant, either by any provision of this Lease or by statute or the general law, all of which rights and remedies are intended to be cumulative and not alternative, as the express provisions under this Lease as to certain rights and remedies are not to be interpreted as excluding any other or additional rights and remedies available to the Landlord by statute or the general law.

15.3 Right of Re-entry on Default

It is expressly agreed that:

(a) if and whenever the Rent or other amounts payable by the Tenant or any part thereof, whether lawfully demanded or not, are unpaid and the Tenant has failed to pay such Rent or other amounts within five days after the Landlord has given to the Tenant notice requiring such payment; or

(b) if the Tenant breaches or fails to observe and perform any of the other covenants, agreements, provisos, conditions, rules, or regulations and other

obligations on the part of the Tenant to be kept, observed, or performed under this Lease and such breach or failure continues for **[redacted]**after the Landlord has given the Tenant notice of it (or, if the breach or failure reasonably requires a longer period of time to cure, if the Tenant has not commenced to cure the breach or failure within such **[redacted]**period and thereafter does not diligently pursue the cure of such breach or failure to completion within **[redacted]**); or

(c) if without the written consent of the Landlord the Premises are used by any persons other than the Tenant or its permitted assigns or permitted subtenants

or for any purpose other than that for which the Premises were leased, or occupied by any persons whose occupancy is prohibited by this Lease; or

(d) if the Premises are vacated or abandoned or remain unoccupied for**[redacted]**or more while capable of being occupied; or

(e) if the Term or any of the goods and chattels of the Tenant is at any time seized in execution or attachment; or

(f) if a receiver or receiver-manager is appointed of the business or property of the Tenant; or

(g) if the Tenant makes any assignment for the benefit of creditors or any bulk sale, becomes bankrupt or insolvent or takes the benefit of any statute now or hereafter in force for bankrupt or insolvent debtors or (if a corporation) takes any steps or permits any order to be made for its winding-up or other termination of its corporate existence; or

(h) if any policy of insurance upon the Park from time to time effected by the Landlord is cancelled or about to be cancelled by the insurer by reason of the use or occupation of the Premises by the Tenant or any assignee, subtenant, or licensee of the Tenant or anyone permitted by the Tenant to be upon the Premises and the Tenant, after receipt of notice in writing from the Landlord, fails to take such immediate steps in respect of such use or occupation as enables the Landlord to reinstate or avoid cancellation of (as the case may be) such policy of insurance; or

(i) if the Landlord becomes entitled to terminate this Lease or to re-enter the Premises under any provision of it;

then and in every such case it will be lawful for the Landlord thereafter to enter into and upon the Premises or any part of them in the name of the whole and the same to have again, repossess, and enjoy as of its former estate, anything in this Lease to the contrary notwithstanding. The Landlord may use such force as it may deem necessary for the purpose of gaining admittance to and re-taking possession of the Premises, and the Tenant hereby releases the Landlord from all actions, proceedings, claims, and demands

whatsoever for and in respect of any such forceable entry or any loss or damage in connection with it.

15.4 Termination and Re-entry

If and whenever the Landlord becomes entitled to re-enter upon the Premises under any provision of this Lease, the Landlord, in addition to all other rights and remedies, will have the right to terminate this Lease by giving to the Tenant or by leaving upon the Premises notice in writing of such termination. Thereupon, this Lease and the Term will terminate,

and the Tenant will immediately deliver up possession of the Premises to the Landlord in accordance with clause 15.8.

15.5 Certain Consequences of Termination and Re-entry

If the Landlord re-enters the Premises or if this Lease is terminated by reason of any event set out in clause 15.3, then without prejudice to the Landlord's other rights and remedies:

(a) the provisions of this Lease that relate to the consequences of termination, and the provisions of this Lease as they apply with respect to acts, events, and omissions that occurred prior to the termination, will all survive such termination;

(b) in addition to the payment by the Tenant of Rent and other payments for which the Tenant is liable under this Lease, Rent for the current month and the next ensuing three months will immediately become due and be paid by the Tenant or the person then controlling the Tenant's affairs; and

(c) the Tenant or person then controlling the affairs of the Tenant will pay to the Landlord on demand such reasonable expenses as the Landlord has incurred, and a reasonable estimate of the Landlord of expenses the Landlord expects to incur, in connection with the re-entering, terminating, re-letting, collecting sums due or payable by the Tenant, and storing and realizing upon assets seized, including without limitation brokerage fees, legal fees (on a full indemnity basis) and disbursements, the expenses of cleaning and making and keeping the Premises in good order, and the expenses of repairing the Premises and preparing them for re-letting.

15.6 Waiver of Distress and Bankruptcy

The Tenant waives the benefit of any present or future statute taking away or limiting the Landlord's right of distress and covenants and agrees that, notwithstanding any such statute, none of the goods and chattels of the Tenant on the Premises at any time during the Term will be exempt from levy by distress for rent in arrears (except for all data, computer hard drives and paper files located on the Premises, which will be

exempt from levy by distress). The Tenant will not sell, dispose of, or remove any of the fixtures, goods, or chattels of the Tenant from or out of the Premises during the Term without the consent of the Landlord, unless the Tenant is substituting new fixtures, goods, or chattels of equal value or is bona fide disposing of individual items that have become excess for the Tenant's purposes. The Tenant agrees that it will not, without the Landlord's consent, resiliate or disclaim or attempt to resiliate or disclaim or seek any order to permit it to resiliate or disclaim this Lease in any bankruptcy, insolvency, reorganization, or other proceeding or court application, and, if required by the Landlord, waives in favour of the Landlord the benefit of s. 65.2 of the Bankruptcy and Insolvency Act, R.S.C. 1985, c. B-3 as amended, and any provision of similar import.

15.7 Re-letting and Sale of Personalty

Whenever the Landlord becomes entitled to re-enter upon the Premises under any provision of this Lease, the Landlord, in addition to its other rights, will have the right as agent of the Tenant to enter the Premises and re-let them (for a term or terms shorter or longer than the balance of the Term, granting reasonable concessions in connection therewith), and to receive the rent for them, and as the agent of the Tenant to take possession of any furniture or other property on them, and to sell it at public or private sale without notice, and to apply the proceeds and any rent derived from re-letting the Premises upon account of the Rent due and to become due under this Lease, and the Tenant will be liable to the Landlord for the deficiency, if any.

15.8 Surrender on Termination

Immediately upon the termination of this Lease, whether by effluxion of time or otherwise, the Tenant will vacate and deliver up possession of the Premises in a neat and tidy state and in good and substantial repair in accordance with the Tenant's obligation under this Lease to repair the Premises, but subject to the Tenant's rights and obligations in respect of removal in accordance with clause 11.3. At the same time the Tenant will surrender to the Landlord, at the place then fixed for the payment of Rent, all keys and other devices that provide access to the Premises, the Building, or any part of them and will inform the Landlord of all combinations to locks, safes, and vaults, if any, in the Premises.

16. ENVIRONMENTAL MATTERS AND BIOHAZARDS

16.1 Tenant's Covenants and Indemnity

The Tenant covenants and agrees as follows:

(a) not to use or permit to be used all or any part of the Premises for the sale, storage, manufacture, handling, disposal, use, or any other dealing with any Contaminants, without the prior written consent of the Landlord, which may be unreasonably withheld;

(b) in the event the Landlord permits any part of the Premises to be used for the sale, storage, manufacture, handling, disposal, use or any other dealing with any Contaminants, the Tenant will provide proper and adequate receptacles for all such Contaminants and ensure they are removed from the Lands in accordance with all Environmental Laws;

(c) to strictly comply, and cause any person for whom it is in law responsible to comply, with all Environmental Laws regarding the use and occupancy of the Premises;

(d) to promptly provide to the Landlord a copy of any environmental site investigation, assessment, audit, report, or test results relating to the Premises conducted by or for the Tenant at any time and at the Landlord's request from time to time to obtain from an independent environmental consultant approved by the Landlord an environmental site investigation of the Premises or an environmental audit of the operations at the Premises, the scope of which will be satisfactory to the Landlord, and will include any additional investigations as the environmental consultant may recommend, and to promptly provide such written authorizations as the Landlord may require from time to time to make inquiries of any government authority regarding the Tenant. The Tenant will, prior to undertaking any subsurface testing, obtain the Landlord's prior written approval of the proposed plan of investigation, which approval will not be unreasonably withheld;

(e) to waive the requirement, if any, for the Landlord to provide a site profile for the Premises under the *Environmental Management Act* or any regulations pursuant to that Act;

(f) to maintain all environmental site investigations, assessments, audits, reports, and test results relating to the Premises in strict confidence (including without limitation any government authority) except as required by law, or to the Tenant's professional advisers and lenders on a need-to-know basis, or with the prior written consent of the Landlord, which consent may be unreasonably withheld;

(g) to promptly notify the Landlord in writing of any release of a Contaminant or any other occurrence or condition at the Premises or any adjacent property which could contaminate the Premises or subject the Landlord or the Tenant to any fines, penalties, orders, investigations, or proceedings under Environmental Laws;

(h) on the expiry or earlier termination of this Lease or at any time if requested by the Landlord or required by an government authority under Environmental Laws, to remove from the Premises all contaminants, and to remediate by removal any contamination of the Premises or any adjacent property resulting from Contaminants, in either case brought on to, used at, or released from the

Premises by the Tenant or any person for whom it is in law responsible. The Tenant will perform these obligations promptly at its own cost and in accordance with Environmental Laws. The Tenant will provide to the Landlord full information with respect to any remedial work performed under this clause and will comply with the Landlord's requirements with respect to such work. The Tenant will use a qualified environmental consultant approved by the Landlord to perform the remediation and will obtain the written agreement of the consultant to the Landlord relying on its report. The Tenant will, at its own cost, obtain such approvals and certificates from the B.C. Ministry of Environment and other applicable government authorities in respect of the remediation as are required

under Environmental Laws or by the Landlord, including, without limitation, a certificate of compliance evidencing completion of the remediation satisfactory to the Ministry and the Landlord. All such Contaminants will remain the property of the Tenant, notwithstanding any rule of law or other provision of this Lease to the contrary, and notwithstanding the degree of their affixation to the Premises; and

(i) to indemnify the Landlord and its shareholders, directors, officers, employees, agents, successors, and assigns from any and all liabilities, actions, damages, claims, remediation cost recovery claims, losses, costs, orders, fines, penalties, and expenses whatsoever, including any and all environmental or statutory liability for remediation, all legal and consultants' fees and expenses and the cost of remediation of the Premises and any adjacent property arising from or in connection with:

(i) any breach of or non-compliance with the provisions of this clause by the Tenant; or

(ii) any release or alleged release of any Contaminants at or from the Premises related to or as a result of the use and occupation of the Premises or any act or omission of the Tenant or any person for whom it is in law responsible.

The obligations of the Tenant under this clause will survive the expiry or earlier termination of this lease.

17. MISCELLANEOUS

17.1 Notices

Any notice required or contemplated by any provision of this Lease will be given in writing, and if to the Landlord, either delivered to an executive officer of the Landlord or delivered or mailed (by prepaid registered mail) to the Landlord at the address set out in subclause 1.1(a), or if the Landlord has given the Tenant notice of another address in Canada to which notices to the Landlord under this Lease are to be given, then to the last such address of which the Tenant has been given notice; and if to the Tenant, either

delivered to the Tenant personally (or to a partner or officer of the Tenant if the Tenant is a firm or corporation) or delivered or mailed (by prepaid registered mail) to the Tenant at the Premises.

Every such notice will be deemed to have been given when delivered or, if mailed as provided, upon the third business day after the day of mailing in Canada provided that if mailed, should there be a mail strike, slowdown, or other labour dispute that might affect delivery of such notice between the time of mailing and the actual receipt of notice, then such notice will only be effective if actually delivered.

17.2 Extraneous Agreements

The Tenant acknowledges that there are no covenants, representations, warranties, agreements, or conditions expressed or implied relating to this Lease or the Premises save as expressly set out in this Lease and in any agreement to lease in writing between the Landlord and the Tenant pursuant to which this Lease has been executed. In the event of any conflict between the terms of this Lease and such agreement to lease, the terms of this Lease will prevail. This Lease may not be modified except by an agreement in writing executed by the Landlord and the Tenant.

17.3 Time of Essence

Time is of the essence of this Lease.

17.4 Area Determination

The Rentable Area of any premises (including the Premises) or the Building or the Park will be determined by the Landlord's architect or surveyor from time to time appointed for the purpose. Such determination will be conclusive. For clarity, in the event the Rentable Area of the Premises is determined to be more than set out in clause 1.1(d), than Rent will be adjusted accordingly; provided, however, that the Rent will not be adjusted retroactively.

17.5 Successors and Assigns

This Lease and everything in it will enure to the benefit of and be binding upon the successors and assigns of the Landlord and its heirs, executors, and administrators and the permitted successors and permitted assigns of the Tenant. References to the Tenant will be read with such changes in gender as may be appropriate, depending upon whether the Tenant is a male or female person or a firm or corporation. If the Tenant is comprised of more than one person or entity, then each such person and entity is jointly and severally bound by the representations, warranties, agreements, and covenants of the Tenant and any notice given or deemed to have been given at any time to any such person or entity will be deemed to have been given at the same time to each other such person and entity.

17.6 Frustration

Notwithstanding the occurrence or existence of any event or circumstance or the non- occurrence of any event or circumstance, and so often and for so long as the same may occur or continue that, but for this clause, would frustrate or void this Lease, and notwithstanding any statutory provision to the contrary, the obligations and liabilities of the Tenant will continue in full force and effect as if such event or circumstance had not occurred or existed.

17.7 Waiver

No condoning, excusing, or overlooking by the Landlord or Tenant of any default, breach, or non-observance by the Tenant or the Landlord at any time or times in respect of any covenant, proviso, or condition in this Lease will operate as a waiver of the Landlord's or the Tenant's rights under this Lease in respect of any continuing or subsequent default, breach, or non-observance or so as to defeat or affect in any way the rights of the Landlord or the Tenant in this Lease in respect of any such continuing or subsequent default or breach, no acceptance of rent by the Landlord subsequent to a default by the Tenant (whether or not the Landlord knows of the default) will operate as a waiver by the Landlord, and no waiver will be inferred from or implied by anything done or omitted by the Landlord or the Tenant except only express waiver in writing.

17.8 Governing Law and Severability

This Lease will be governed by and construed in accordance with the laws in force in the province of British Columbia. The venue of any proceedings taken in respect of or under this Lease will be Victoria, British Columbia as long as such venue is permitted by law, and the Tenant will consent to any application by the Landlord to change the venue to Victoria, British Columbia of any proceedings taken elsewhere. The Landlord and the Tenant agree that all the provisions of this Lease are to be construed as covenants and agreements as though the words importing such covenants and agreements were used in each separate clause of it. Should any provision or provisions of this Lease be illegal or not enforceable, it or they will be considered separate and severable from the Lease and its remaining provisions will remain in force and be binding upon the parties as though the illegal or unenforceable provision or provisions had never been included.

17.9 Captions

The captions appearing in this Lease have been inserted as a matter of convenience and for reference only and in no way define, limit, or enlarge the scope or meaning of this Lease or of any provision of it.

17.10 Acceptance

The Tenant accepts this Lease of the Premises, to be held by it as tenant, and subject to the conditions, restrictions, and covenants specified in this Lease. Subject to the express

provisions of this Lease and the schedules hereto, the acceptance of possession of the Premises will be conclusive evidence as against the Tenant that at the Commencement Date of the Term the Landlord had duly completed all work required to be completed by the Landlord prior to the Commencement Date of the Term and the Premises were in good order and satisfactory condition for the commencement of the work and business of the Tenant, subject only to latent defects not discoverable upon reasonable inspection.

17.11 Deposit

The Tenant shall pay, upon the execution of this Lease, the sum stated in subclause 1.1(j) (the "**Deposit**"), a portion of which shall be applied to the first months' payment of Base Rent due hereunder, and the balance remaining thereafter shall be held as security for the faithful performance of, and compliance with, all of the terms, covenants and conditions in this Lease. If the Tenant fails to comply with its obligations herein or shall surrender the Premises without the written consent of the Landlord, or is dispossessed therefrom or abandons the Premises prior to the expiration of the Term, then, and in that event, the balance of the Deposit shall belong to the Landlord as fixed, liquidated and agreed damages, in payment of such disbursements, costs and expenses which it may undergo for the purpose of regaining possession of the Premises and without limiting any other rights, remedies or damages of the Landlord. The Landlord shall apply the balance of the Deposit provided for herein against the total damages resulting from a breach of the terms of this Lease by the Tenant. If, however, all material terms, covenants and conditions are fully complied with by the Tenant, then, and in that event, the balance of the Deposit shall be returned to the Tenant on surrender of the Premises in a good state and condition as required by this Lease.

17.12 Expropriation

If at any time during the Term the interest of the Tenant under this Lease or the whole or any part of either the Premises or any other part of the Building is taken by any lawful power or authority by the right of expropriation, the Landlord may at its option give notice to the Tenant terminating this Lease on the date when the Tenant or Landlord is required to yield up possession to the expropriating authority. Upon such termination, or upon termination by operation of law, as the case may be, the Tenant will immediately surrender the Premises and all its interest in them, Rent will abate and be apportioned to the date of termination, the Tenant will promptly pay to the Landlord the apportioned Rent and all other amounts that may be due to the Landlord up to the date of termination, and clause 15.8 will apply. The Tenant will have no claim upon the Landlord for the value of its property or the unexpired Term of this Lease, but the parties will each be entitled to separately advance their claims for compensation for the loss of their respective interests in the Premises, and the parties will each be entitled to receive and retain such compensation as may be awarded to each respectively. If an award of compensation made to the Landlord specifically includes an award for the Tenant, the Landlord will account for it to the Tenant. In this clause the word

"expropriation" includes a sale by the Landlord to an authority with powers of expropriation, in lieu of or under threat of expropriation.

17.13 Parking

Parking is publicly available at the Park in the parking areas, and can be obtained by the Tenant, its employees, or visitors throughout the Term at the rates prevailing from time to time for such parking stalls. Parking is on a first-come, first-served basis.

18. SPECIAL PROVISIONS

18.1 Option to Extend

The Landlord covenants with the Tenant that if:

(a) the Tenant gives notice to the Landlord that the Tenant wishes to obtain an extension of this Lease, such notice to be given not later than nine months, before the expiry of the initial term granted in this Lease;

(b) at the time of giving such notice the Tenant is not in breach of any covenant or condition contained in this Lease; and

(c) the Tenant has duly and regularly throughout the initial term observed and performed the covenants and conditions in this Lease;

then the Landlord will grant to the Tenant at the Tenant's expense an extension lease of the Premises for a further term of that number of years specified in subclause 1.1(i) upon the same terms and conditions in this Lease, except this covenant to extend and except the Annual Base Rent that will be the greater of the Current Market Rent for the Premises with its Leasehold Improvements (having regard to the duration of the extension term) or the sum of the Annual Base Rent payable for the last year of the initial term, and except any rent-free periods, tenant allowances, or other inducements. If the Landlord and the Tenant are unable at least three months before the expiry of the initial term to agree upon such Current Market Rent, the determination of such Current Market Rent will be referred to a single arbitrator if the parties agree upon one, otherwise to a board of three arbitrators, one to be appointed by each of the Landlord and the Tenant and a third arbitrator to be appointed in writing by the first two-named arbitrators; if the Landlord or the Tenant refuses or neglects to appoint an arbitrator within seven clear days after the other has served a written notice upon the party so refusing or neglecting to make such appointment, the arbitrator first appointed will, at the request of the party appointing the arbitrator, proceed to determine such rent as if he or she were a single arbitrator appointed by both the Landlord and Tenant for the purpose. If two arbitrators are so appointed within the time prescribed and they do not agree upon the appointment of the third arbitrator within a period of seven days from the date of appointment of the second arbitrator, then upon the application of either the Landlord or the Tenant, the third arbitrator will be appointed by a Judge of the Supreme Court in accordance with the procedure set out in the *Arbitration Act*, R.S.B.C.

1996, c. 55 as amended from time to time, or such similar statute then in force in the province of British Columbia. The third arbitrator will chair the arbitration. The determination made by the arbitrators or the majority of them, or by the single arbitrator, as the case may be, will be final and binding upon the Landlord and the Tenant and their respective successors and assigns. The cost of the arbitration and the arbitrators will be borne equally by the Landlord and the Tenant, unless otherwise ordered by the arbitrator. The provisions of this clause will be deemed to be a submission to arbitration within the provisions of the *Arbitration Act*

provided that any limitation on the remuneration of the arbitrators imposed by such legislation will not be applicable.

18.2 Counterpart

This Lease may be executed and delivered in counterpart and by electronic means, and if so executed and delivered, will be as effective as one originally executed agreement.

IN WITNESS WHEREOF the parties have executed this Lease as of the date first above written. LANDLORD:

UNIVERSITY OF VICTORIA PROPERTIES INVESTMENTS INC. on behalf of the VANCOUVER ISLAND TECHNOLOGY PARK TRUST

By: */s/ Peter Kuran* Peter Kuran, CEO
I have authority to bind the corporation

TENANT:
AURINIA PHARMACEUTICALS INC.

By: */s/ Max Donley* Authorized Signatory

By: */s/ Joe Miller* Authorized Signatory

SCHEDULE A

Floor Plan(s) of the Premises

Suite 1203 – 3,800 sf
Suite 1201 – 9,406 sf
Total: 13,206 sf

SCHEDULE B

DEFINITIONS

In this Lease:

"Additional Rent" means all sums of money to be paid by the Tenant, whether to the Landlord or otherwise under this Lease, except for Annual Base Rent and goods and services tax payable by the Tenant.

"Additional Services" means the services and supervision supplied by the Landlord and referred to in clause 9.2 or in any other provision of this Lease as Additional Services; any other services that from time to time the Landlord supplies to the Tenant and that are additional to other services that the Landlord has agreed to supply under this Lease and to like provisions of other leases of the Park, or that the Landlord may elect to supply as included within the standard level of services available to tenants generally and in addition to those normally supplied; the provision of labour and supervision in connection with the moving of any furniture or equipment of the Tenant; the making of any repairs or alterations for the Tenant; and the provision to the Tenant or the Premises of maintenance or other services not normally furnished to tenants or other leasable premises generally; and "Additional Service" means any such service.

"Annual Base Rent" means the annual rent specified in subclause 1.1(g) and payable by the Tenant as specified in subclause 4.1(a).

"Basic Terms" means those terms set out in clause 1.1, some of which are more particularly defined in this Schedule B.

"Building" means that certain building and those certain areas and improvements constructed on the Lands known as Building No*100,* and all additions and replacements to it.

"Commencement Date" means the date the Term commences as specified in or determined under subclause 1.1(f).

"Contaminants" means any pollutants, contaminants, deleterious substances, underground or above- ground tanks, asbestos-containing materials, hazardous, corrosive, or toxic substances, hazardous waste, waste, polychlorinated biphenyls ("PCBs"), PCB-containing equipment or materials, pesticides, defoliants, fungi, including mould and spores arising from fungi, or any other solid, liquid, gas, vapour, odour, heat, sound, vibration, radiation, or combination of any of them, which is now or hereafter prohibited, controlled, or regulated under Environmental Laws.

"Cost of Additional Services"means in the case of Additional Services provided by the Landlord a reasonable charge made for them by the Landlord that will not exceed the cost of obtaining such services from independent contractors, and in the case of Additional Services provided by independent contractors the Landlord's total cost of providing Additional Services to the Tenant including the cost of all labour (including salaries, wages, and fringe benefits) and materials and other direct expenses incurred, the cost of supervision and other indirect expenses capable of being allocated to them (such allocation to be made

upon a reasonable basis) and all other out-of-pocket expenses made in connection with them including amounts paid to independent contractors, plus an administration fee equal to 15% of each component thereof.

"Current Market Rent"means that rent that would be paid for improved office space in office buildings of similar age and location in Victoria, as between persons dealing in good faith and at arm's length,

without reduction for any cash payment, leasehold improvement allowance, rent-free period or other inducement.

"Environmental Laws" means any statutes, laws, regulations, orders, bylaws, standards, guidelines, protocols, criteria, permits, codes of practice, and other lawful requirements of any government authority having jurisdiction over the Premises now or hereafter in force relating in any way to the environment, environmental assessment, health, occupational health and safety, protection of any form of plant or animal life or transportation of dangerous goods, including the principles of common law and equity.

"Fixturing Period" means the period (if any) specified or determined under subclause 1.1(k), as such period may be extended under the terms of this Lease.

"Goods and Services Tax" or **"GST"** means and includes any and all goods and services taxes, sales taxes, value added taxes, business transfer taxes, or any other taxes imposed on the Landlord or the Tenant from time to time in respect of the Rent payable by the Tenant to the Landlord under this Lease or the rental of the Premises or the provision of any goods, services, or utilities whatsoever by the Landlord to the Tenant under this Lease, whether characterized as a goods and services tax, sales tax, value added tax, business transfer tax, or otherwise.

"Insured Damage" means that part of any damage occurring to any portion of the Premises for which the Landlord is responsible, of which the entire cost of repair is actually recoverable by the Landlord under a policy of insurance in respect of fire and other perils from time to time effected by the Landlord, or, if and to the extent that the Landlord has not insured and is deemed to be a co-insurer or self-insurer under clause 12.1, would have been recoverable had the Landlord effected insurance in respect of perils, to amounts and on terms for which it is deemed to be insured.

"Lands" means those lands and improvements located at 4464 Markham Street, Victoria, British Columbia, and being legally described as Lot 3, Plan VIP68477, District Lot B, Section 96, Lake District.

"Landlord" means the person executing this Lease and includes its successors and assigns; and in the definition of "Operating Cost" references to "Landlord" include the owner of the Park as registered in the applicable land title office and any and all beneficial owners thereof.

"Landlord's Work" means the work to be performed by the Landlord (if any) at its cost and expense more particularly described in Schedule D.

"Lease Year" means, in the case of the first Lease Year, the period beginning on the Commencement Date and terminating 12 months from the last day of the calendar month in which the Commencement Date occurs (except that if the Commencement Date occurs on the first day of a calendar month, the first Lease

Year will terminate on the day prior to the first anniversary of the Commencement Date) and, in the case of each subsequent Lease Year, means each 12-month period after the first Lease Year.

"Leasehold Improvements" means all fixtures, improvements, installations, alterations, and additions now or from time to time hereafter made, erected, or installed, whether by the Tenant, the Landlord or

anyone else, in the Premises or in other premises in the Building with the exception of trade fixtures and furniture and equipment not of the nature of fixtures, but includes all partitions however fixed (including movable partitions) and includes all wall-to-wall carpeting with the exception of such carpeting where laid over vinyl tile or other finished floor and affixed so as to be readily removable without damage.

"Normal Business Hours" means the hours from 6:00 a.m. to 6:00 p.m. Monday to Friday, inclusive, of each week, holidays excepted.

"Operating Cost" means, subject to the exclusions and deductions set out below, the total, without duplication, of the costs, expenses, fees, rentals, disbursements, and outlays (in this definition referred to collectively as "costs") of every kind paid, payable, or incurred by or on behalf of the Landlord on an accrual basis consistent with generally accepted accounting principles and fully chargeable in the year in which they were incurred (except as expressly set out below) in accordance with generally accepted accounting principles in the maintenance, repair, operation, administration, and management of the Park. Without limiting the generality of the foregoing, Operating Cost will include:

(1) all salaries, wages, fringe benefits, paid to or for all personnel, including supervisory personnel and managers, to the extent that they are employed by the Landlord (or a person with whom it does not deal at arm's length) in connection with the maintenance, repair, operation, administration, or management of the Park, and amounts paid to professionals and independent contractors, including any management companies, for any services provided in connection with the maintenance, repair, operation, of the Park or any part of it;

(2) costs of providing security, supervision, traffic control, janitorial, landscaping, window cleaning, waste collection, disposal and recycling, and snow removal services, and the costs of licence, permits and inspection fees, machinery, supplies, tools, equipment, and materials required or used in connection with the operation, maintenance or repair of the Park or any rentals of it;

(3) costs of providing electric light and power, fuel, water, telephone, steam, gas, sewage disposal, and other utilities, and costs of replacing building-standard electric light fixtures, ballasts, tubes, starters, lamps, light bulbs, and controls;

(4) costs of all insurance premiums paid to third parties for insurance that the Landlord is obligated or permitted to obtain under this Lease;

(5) sales, goods and services, and excise or other taxes on goods and services provided by or on behalf of the Landlord in connection with the maintenance, repair or operation of the Park net of input tax credits, refunds, or rebates (to the extent the Landlord receives and uses them);

(6) taxes levied against the Park to the extent not charged to the Tenant under subclauses 4.1(b) and 8.2(b) and to other tenants of the Park under lease provisions similar to subclauses 4.1(b) and

8.2(b); and costs (including legal and other professional fees) incurred by the Landlord in contesting, resisting, or appealing any Taxes;

(7) costs of repairs, alterations and replacements to the buildings and improvements located on the Park (including those required to comply with applicable laws or the requirements of the

Landlord's insurers that become effective or are imposed after substantial completion of the original construction of the relevant structure) to the extent reasonably allocated by the Landlord to any fiscal period; and amortization of the cost of any repairs, alterations, or replacements except to the extent charged in accordance with the foregoing provisions of this paragraph, in the case of each item of repair, alteration or replacement to be calculated on a straight line basis over such period the Landlord determines is reasonable having regard to the nature of the repair alteration, or replacement, or 15 years, whichever is less;

(8) depreciation (excluding depreciation on the costs of original components of the electrical, mechanical, and other systems installed as part of the original construction of the Park) of the costs of machinery, equipment, facilities, furniture, furnishings, systems, and property (in this paragraph called "machinery") installed in or used in connection with the Park (except to the extent that the costs are charged fully in the fiscal period in which they are incurred):

(a) if a principal purpose of such machinery is to conserve energy, reduce the cost of other items included in Operating Cost, or comply with applicable laws or requirements of the Landlord's insurers that become effective or are imposed after substantial completion of the Park, or such machinery is used for normal maintenance of the Park; or

(b) if, as in the case of the electrical, mechanical, and other systems, such machinery by its nature requires periodic or substantial replacement;

in the case of each item of machinery to be calculated on a straight line basis over its useful life or 15 years, whichever is less;

(9) management fees or management agent fees and administrative charges of a management company, if any, for the Park or any part of it or, if the Landlord chooses to manage the Park or any part of it through itself or through a company or other person with whom it does not deal at arm's length, a management fee to the Landlord in an amount comparable to that which would be charged by a first-class real estate management company for management of similar buildings in Victoria, British Columbia;

excluding therefrom the following (except as specifically included above):

(10) depreciation;

(11) debt service costs;

(12) any taxes on the income or profits of the Landlord to the extent they are not imposed in lieu of Taxes;

(13) costs incurred by the Landlord in leasing the Park, including commissions, advertising costs, and tenant inducement payments;

and deducting therefrom the following:

(14) net recoveries by the Landlord from the tenants of the Park in respect of and to the extent (but only to the extent) of costs that have been charged as Operating Cost, other than recoveries from the Tenant under paragraph 4.1(b)(ii) and from other tenants under lease provisions similar to paragraph 4.1(b)(ii);

(15) net insurance proceeds received by the Landlord to the extent (but only to the extent) that such proceeds reimburse the Landlord for costs that have been charged as Operating Cost; and

(16) net recoveries by the Landlord in respect of warranties or guarantees relating to the construction of the Park to the extent (but only to the extent) that the repair costs in respect of the work covered by such warranties or guarantees have been charged as Operating Cost.

"Park" means the lands and improvements (including the Lands and Building) known as the Vancouver Island Technology Park.

"Premises" means that portion of the Building having the municipal address and located on those floor(s) and in the suite number(s) set out in subclause 1.1(c), containing the aggregate number of square feet, more or less, of Rentable Area that is set out in subclause 1.1(d) and having the appropriate location and configuration shown outlined in bold on the plan(s) attached as Schedule A. The exterior face of the Building and any space in the Premises used for stairways or passageways to other premises, stacks, shafts, pipes, conduits, ducts, or other building facilities, heating, electrical, plumbing, air conditioning, and other Building systems supplied by the Landlord for use in common with other tenants are expressly excluded from the Premises.

"Prime Rate" means that rate of interest declared from time to time by the main branch in Victoria, British Columbia, of the Bank of Montreal to the Landlord as the annual rate of interest used by such bank as its reference rate in setting interest rates for commercial loans of Canadian dollars in Canada and commonly referred to by such bank as its "prime rate".

"Rent" means and includes the Annual Base Rent, Additional Rent, and all other sums payable by the Tenant to the Landlord under this Lease except for goods and services tax payable by the Tenant.

"Rentable Area" shall be determined by the Landlord's architect or land surveyor, acting reasonably, with reference to the following measurement standards, as may be amended or replaced from time to time, published by the Building Owners and Managers Association International (BOMA) and in effect as at the Commencement Date:

(a) *Gross Areas of a Building: Standards Methods of Measurement (ANSI/BOMA Z65.3 – 2009)*(the "Gross Area Standard"), if the Premises comprise the entire Building; or

(b) *Office Buildings: Standard Methods of Measurement (ANSI/BOMA Z65.1 – 2010)*(the "2010 Office Standard"), if the Premises comprise a portion of the leasable area of the Building.

"Service Areas" means the area of corridors, elevator lobbies, service elevator lobbies, refuse areas, washrooms, air-cooling rooms, fan rooms, janitor's closets, telephone, meter, mechanical, and electrical closets, and other closets on the floor serving the Premises and other premises on such floor should the floor be a multiple-tenancy floor.

"Taxes" means all taxes, rates, duties, levies, and assessments whatsoever, whether municipal, parliamentary, or otherwise, that are levied, imposed, or assessed against or in respect of the Park, or upon the Landlord in respect of them, or that are from time to time levied, imposed, or assessed in the future in addition or in lieu thereof, including those levied, imposed, or assessed for education, schools, and local improvements, and includes all costs and expenses (including legal and other professional fees and interest and penalties on deferred payments) incurred by the Landlord in contesting, resisting, or appealing any taxes, rates, duties, levies, or assessments, but excludes taxes and licence fees in respect of any business carried on by tenants and occupants of the Park and taxes upon the income of the Landlord to the extent such taxes are not levied in lieu of taxes, rates, duties, levies, and assessments against the Park or upon the Landlord in respect of them.

"Tax Cost" for any calendar year means an amount equal to the aggregate, without duplication, of all Taxes in respect of such calendar year.

"**Tenants' Manual**" has the meaning set out in clause 5.9 of this Lease.

"Tenant's Share" means the fraction, the numerator of which is the Rentable Area of the Premises and the denominator of which is the Total Rentable Area.

"Tenant's Work" means the work to be performed by the Tenant (if any) at its cost and expense more particularly set forth in Schedule E.

"Term" means the term of this Lease specified in subclause 1.1(e) and any renewal or extension of it and any period of permitted overholding.

"Total Rentable Area" means the total Rentable Area of the Park, whether rented or not. The areas of the floors below the main floor level that are used or available for use in common by tenants for storage or other purposes. The calculation of the Total Rentable Area, whether rented or not, will be adjusted from time to time to give effect to any structural change in the Park.

SCHEDULE C TENANTS' MANUAL

[redacted]

SCHEDULE D LANDLORD'S WORK

The Landlord will, on the Commencement Date, provide to the Tenant vacant possession of that portion of the Premises that has not been occupied by the Tenant prior to the Commencement Date in a broom- swept and clean condition, free and clear of any and all chattels and equipment (except for any furniture, equipment and other property that the Tenant and the Landlord may agree, pursuant to a separate agreement, is to be leased to the Tenant by the Landlord).

SCHEDULE E TENANT'S WORK

1. Paint walls throughout.

2. Replace reception flooring with wide plank, brushed oak wood, vinyl plank, glued down type.

3. Corporate wall graphics in staff café, reception and meeting room (Including Aurinia logo and brand messaging).

4. New corridor way finding signage (signage updated based on existing signage program and costs borne by the Tenant).

5. Retrofit of the boardroom table to include flush mounted receptacle boxes for plugging in conference call equipment, computers, etc. The power would be supplied from the wall via a flat wire mould then up through the leg of the table.

SCHEDULE F

PROCEDURE FOR LANDLORD'S WORK AND TENANT'S WORK

1. Landlord's Work and Tenant's Work

The Tenant acknowledges that it has entered into this Lease on the express understanding that the Landlord's Work in the Premises is limited to the scope of construction described as Landlord's Work in Schedule D (if any). The Tenant will, within 10 days after the date of delivery of possession of the Premises to the Tenant, which date will be established by the Landlord by notice to the Tenant, complete or cause to be completed the Tenant's Work. The Tenant's Work includes the procurement and installation or either of these, at its own expense, of those items set forth in Schedule E which are to be installed and procured by the Tenant in accordance with the procedures set out in this Schedule F and all such other work as the Tenant may desire to perform in the Premises and to which the Landlord may agree, provided no such work will be commenced by the Tenant until architectural or engineering plans and specifications relating to the Tenant's Work have been supplied to the Landlord and approved by it in writing.

2. Completion of Landlord's Work

If the Premises or any part thereof are not ready for occupancy as determined by the Landlord on a date which will allow the Tenant to complete the Tenant's Work in accordance with the provisions hereof within the Fixturing Period (if any) and on or before the Commencement Date by reason of the fact that the Premises are not in a condition which will allow the Tenant's Work to be commenced, the Lease will not be void or voidable and the Tenant will not have any claims for any losses or damages, no matter how the delay has been caused; however, the Commencement Date will be postponed by the length of such delay. The Tenant will not be entitled to any abatement of Rent for any delay in occupancy due to the Tenant's failure or delay to provide plans or to complete any special installations or other work required for its purposes or due to any other reason, nor will the Tenant be entitled to any abatement of Rent for any delay in occupancy if the Landlord has been unable to complete construction of the Premises by reason of such failure or delay by the Tenant. Notwithstanding any postponement in the Term Commencement Date, the expiry date of this Lease will remain unchanged.

3. Tenant's Work

All work or equipment, other than those items specifically enumerated as Landlord's Work, will be performed and supplied by the Tenant at its own cost and expense, and the Tenant will, in accordance with the procedures set out in this Schedule F and subject to obtaining the consent of the Landlord as provided for herein, equip the Premises with such equipment as the Tenant desires for the proper operation of the Tenant's business and such installation will be completed without damage to the structure of the Premises or to the heating, ventilating, air-conditioning, sprinkler, plumbing, electrical, and other mechanical systems of the Building or the Park. The

Tenant will provide proper hoarding to the satisfaction of the Landlord in front of the Premises during construction.

4. Completion of Tenant's Work

The Tenant will upon completion of the Tenant's Work and prior to opening the Premises for business, furnish the Landlord with the following:

(a) a statutory declaration sworn by the Tenant, or a responsible officer of the Tenant, setting forth that the Tenant's Work has been completed to its satisfaction and in strict accordance with Schedule E and the approved plans and specifications, which statutory declaration may be relied upon by the Landlord, it being understood that any deliberate or negligent misstatement or false statement by or on behalf of the Tenant will constitute a breach of covenant in this Lease;

(b) a statutory declaration sworn by the contractor or contractors or a responsible officer or officers of the contractor or contractors performing the Tenant's Work, setting forth that the Tenant's Work has been fully completed in accordance with Schedules E and F, listing all sub-contractors, workers, and suppliers supplying work and materials or any of these for the Tenant's Work, and stating that all sub-contractors, workers, and suppliers supplying work and materials or any of these for the Tenant's Work have been paid in full; and

(c) a waiver of lien with respect to work done and material supplied to the Premises, executed by the contractor or contractors, and if requested by the Landlord, waivers of lien executed by the sub-contractors, workers, and suppliers supplying work and materials or any of these for the Tenant's Work.

5. Acceptance of Premises

The opening by the Tenant of its business in the Building will constitute an acknowledgement by the Tenant that the Premises are in the condition called for by this Lease, that the Landlord has performed all of the Landlord's Work with respect thereto, and that the Tenant reserves or asserts no rights for claims, offsets, or back charges except for any latent defects discovered within 90 days of the opening by the Tenant of its business in the Building.

6. Liens

The Tenant will pay before delinquency for all materials supplied and work done in respect of the Tenant's Work so as to ensure that no lien or claim of lien is registered against any portion of the Property or against the Landlord's or Tenant's interest in the Property. If a lien or claim of lien is registered or filed, the Tenant will discharge it at its expense within five Business Days after written notice from the Landlord (or sooner if such lien or claim is delaying a financing or sale of all or any part of the Property), failing which the Landlord may at its option discharge the lien or claim of lien by paying the amount claimed to be due into court and the amount so paid and all

expenses of the Landlord including legal fees (on a solicitor and client basis) will be paid by the Tenant to the Landlord.

7. Prime Contractor

Where the Tenant:

(a) during the Term (including any fixturing period), performs or coordinates its own work in connection with any improvements to the Premises; and/or

(b) supplies, without limitation, labour, tools, machinery, equipment, and supervision necessary to carry out the work referred to in 7(a) above,

then notwithstanding that the Landlord may have agreed to pay the Tenant an allowance for such work or abate the Rent for a given period or provide other forms of inducements or reimbursements, the Tenant will, and agrees, that it will be named as the "Prime Contractor" (for purposes of the Workers Compensation Act (British Columbia) and regulations under it as the same may be modified, amended, or replaced from time to time) for the purpose of carrying out the performance or coordination of the work referred to in 7(a) or 7(b) above. The Tenant covenants and agrees that in its capacity as the Prime Contractor it will take all steps and measures necessary to fulfil the obligations, functions, and duties of a "prime contractor" in compliance with all applicable Laws. Where the term "Prime Contractor" is used in this Section it will mean and refer to the Tenant.

Notwithstanding anything else contained in the Lease, the Prime Contractor hereby covenants to indemnify and save harmless the Landlord and its respective employees, servants, agents, successors, and assigns from and against all manner of actions, causes of action, suits, damages, loss, costs, claims, fines, penalties, and demands of any nature whatsoever relating to loss or damage arising from the Prime Contractor's construction of the work referred to in 7(a) or 7(b) above including, without limitation, loss or liability for any administrative fines and penalties under Workers' Compensation legislation in British Columbia.

At all times during the construction of the work referred to in 7(a) or 7(b) above, the Prime Contractor will at its own expense procure and carry, or cause to be procured and carried and paid for, full workers' compensation coverage in respect of all workers, employees, servants, and others engaged in or upon any work. At all times the Prime Contractor will indemnify and save harmless the Landlord, its employees, servants, agents, successors, and assigns from and against all damages, costs, claims, suits, judgments, and demands that the Landlord may incur as a result of any default by the Prime Contractor of its obligation to ensure that the full workers' compensation coverage is maintained. The Prime Contractor will further ensure that no amount of the workers' compensation coverage is left unpaid so as to create a lien on the Premises, the Lands. The Tenant will be in default under the Lease if the workers' compensation coverage required under this Section is not in place on or before the date the Prime Contractor commences construction of the work referred to in 7(a) or 7(b) above, the proof and sufficiency of which will be required by the Landlord.

Exhibit 10.9

EXECUTION VERSION

SOFTGEL COMMERCIAL SUPPLY AGREEMENT
(Voclosporin softgel capsules)

This Softgel Commercial Supply Agreement **("Agreement")** is made as of this 28th day of August 2020 **("Effective Date"),** by and between Aurinia Pharmaceuticals Inc., an Alberta Canada corporation, with a place of business at 1203-4464 Markham St., Victoria, British Columbia V8Z 7X8, Canada **("Client"),** and Catalent Pharma Solutions, LLC, a Delaware limited liability company, having a place of business at 14 Schoolhouse Road, Somerset, New Jersey 08873 **("Catalent").**

RECITALS

A. Client is a company that develops, markets and sells pharmaceutical products;

B. Catalent is a leading provider of advanced technologies, and development, manufacturing and packaging services for pharmaceutical, biotechnology and consumer healthcare companies;

C. Client desires to engage Catalent to provide certain services to Client in connection with the Processing of Client's Product, and Catalent desires to provide such services, all pursuant to the terms and conditions set forth in this Agreement.

THEREFORE, in consideration of the mutual covenants, terms and conditions set forth below, the parties agree as follows:

ARTICLE 1 DEFINITIONS

The following terms have the following meanings in this Agreement:

1.1 **"Acknowledgement"** has the meaning set forth in Section 4.6(B).

1.2 **"Affiliate(s)"** means, with respect to Client or any third party, any corporation, firm, partnership or other entity that controls, is controlled by or is under common control with such entity; and with respect to Catalent, Catalent Pharma Solutions, Inc. and any corporation, firm, partnership or other entity controlled by it. For the purposes of this definition, **"control"** means the ownership of at least fifty percent (50%) of the voting share capital of an entity or any other comparable equity or ownership interest.

1.3 **"Agreement"** has the meaning set forth in the introductory paragraph, and includes all its Attachments and other appendices (all of which are incorporated herein by reference) and any amendments to any of the foregoing made as provided herein or therein.

1.4 **"API"** means the patented compound Voclosporin, as further described in the Specifications that has been released by Client and provided to Catalent, along with a certificate of analysis, as provided in this Agreement.

1.5 **"Applicable Laws"** means, with respect to Client, all laws, ordinances, rules and regulations, currently in effect or enacted or promulgated during the Term, and as amended from

time to time, of each jurisdiction in which API or Product is produced, marketed, distributed, used or sold, together with all policies, practices, protocols, standards or guidelines of any Regulatory Authority having jurisdiction over Client or Product in such jurisdiction which, although not necessarily having the force of law, are regarded by such Regulatory Authority as requiring compliance as if it had the force of law; and with respect to Catalent, all laws, ordinances, rules and regulations, currently in effect or enacted or promulgated during the Term, and as amended from time to time, of the jurisdiction in which Catalent Processes Product, including cGMP.

1.6 **"Batch"** means a defined quantity of Product that has been or is being Processed in accordance with the Specifications.

I.7 **"Catalent"** has the meaning set forth in the introductory paragraph, or any successor or permitted assign. Catalent shall have the right to cause any of its Affiliates to perform any of its obligations hereunder, and Client shall accept such performance as if it were performance by Catalent.

1.8 **"Catalent Defective Processing"** has the meaning set forth in Section 5.2.

1.9 **"Catalent Indemnitees"** has the meaning set forth in Section 13.2.

1.10 **"Catalent IP"** has the meaning set forth in Article 11.

1.11 **"cGMP"** means current Good Manufacturing Practices promulgated by the Regulatory Authorities in the jurisdictions included in Applicable Laws (as applicable to Client and Catalent respectively). In the United States, this includes 21 C.F.R. Parts 210 and 211, as amended.

1.12 **"Client"** has the meaning set forth in the introductory paragraph, or any successor or permitted assign.

1.13 **"Client Indemnitees"** has the meaning set forth in Section 13.1.

1.14 **"Client IP"** has the meaning set forth in Article 11.

1.15 **"Client Inventions"** has the meaning set forth in Article 11.

1.16 **"Client-supplied Materials"** means any materials to be supplied by or on behalf of Client to Catalent for Processing, as provided in Attachment A, including API and reference standards.

1.17 **"Commencement Date"** means the first date on which Catalent delivers (pursuant to Section 6.1) to Client Product intended for commercial sale, excluding validation Batches.

I.18 **"Confidential Information"** has the meaning set forth in Section 10.1.

1.19 **"Contract Year"** means (i) for the first Contract Year, the partial twelve (12) month period beginning on the Commencement Date and ending on the first December 31 thereafter **("Contract Year 1** ") and (ii) following Contract Year 1, each consecutive twelve (12) month period beginning on January 1 and ending on December 31 **("Contract Year 2", "Contract Year 3",** etc.).

1.20 **"Defective Product"** has the meaning set forth in Section 5.2.

1.21 **"Discloser"** has the meaning set forth in Section 10.1.

1.22 **"Effective Date"** has the meaning set forth in the introductory paragraph.

1.23 **"Exception Notice"** has the meaning set forth in Section 5.2.

1.24 **"Facility"** means Catalent's facility located in St. Petersburg, Florida; or such other facility as agreed by the parties in writing.

1.25 **"Firm Commitment"** has the meaning set forth in Section 4.2.

1.26 **"Invention"** has the meaning set forth in Article 11.

1.27 **"Long Term Forecast"** has the meaning set forth in Section 4.3.

1.28 **"Losses"** has the meaning set forth in Section 13.1.

1.29 **"Minimum Requirement"** has the meaning set forth in Section 4.1.

1.30 **"Process"** or **"Processing"** means the compounding, filling, encapsulating, producing and bulk packaging (but not secondary or retail packaging) of Client-supplied Materials and Raw Materials into Product by Catalent, in accordance with the Specifications and under the terms of this Agreement.

1.31 **"Process Inventions"** has the meaning set forth in Article 11.

1.32 **"Product"** means the bulk pharmaceutical product containing the API, as more specifically described in the Specifications.

1.33 **"Product Maintenance Services"** has the meaning set forth in Section 2.2.

1.34 **"Purchase Order"** has the meaning set forth in Section 4.6(A).

1.35 **"Quality Agreement"** has the meaning set forth in Section 9.6.

1.36 **"Raw Materials"** means all raw materials, supplies, components and packaging necessary to manufacture and ship Product in accordance with the Specifications, but excluding Client supplied Materials.

1.37 **"Recall"** has the meaning set forth in Section 9.5.

1.38 **"Recipient"** has the meaning set forth in Section 10.1.

1.39 **"Regulatory Approval"** means any approvals, permits, product and/or establishment licenses, registrations or authorizations, including approvals pursuant to U.S. Investigational New Drug Applications, New Drug Applications and Abbreviated New Drug Applications, as applicable, of any Regulatory Authorities that are necessary or advisable in connection with the development, manufacture, testing, use, storage, exportation, importation, transport, promotion, marketing, distribution or sale of API or Product in the Territory.

1.40 **"Regulatory Authority"** means the international, federal, state or local governmental or regulatory bodies, agencies, departments, bureaus, courts or other entities in the Territory that are responsible for (A) the regulation (including pricing) of any aspect of pharmaceutical or medicinal products intended for human use or (B) health, safety or environmental matters generally. In the United States, this includes the United States Food and Drug Administration.

1.41 **"Representatives"** of an entity mean such entity's duly-authorized officers, directors, employees, agents, accountants, attorneys or other professional advisors.

1.42 **"Review Period"** has the meaning set forth in Section 5.2.

1.43 **"Rolling Forecast"** has the meaning set forth in Section 4.2.

1.44 **"Softgel Technology"** means Catalent's proprietary technology, whether or not patented or patentable, for the manufacture of softgels for various uses, including the oral administration of pharmaceutically active ingredients (including health and nutritional substances). The Softgel Technology includes proprietary know how relating to (A) the development of fill and shell formulations, (B) the design and use of the encapsulation process to enhance stability, solubility, bioavailability and manufacturability of active ingredient chemical entities in softgels, (C) the selection and preparation of solvents, vehicles, excipients, surfactants, stabilizers, gelatin and gelatin substitutes, plasticizers and other components of the liquid fill and the shell and (D) certain encapsulation, drying and related manufacturing techniques and machinery for making experimental, clinical, or commercial quantities of softgels.

1.45 **"Specifications"** means the procedures, requirements, standards, quality control testing and other data and the scope of services as set forth in Attachment A, as modified from time to time in accordance with Article 8.

1.46 **"Term"** has the meaning set forth in Section 16.1.

1.47 **"Territory"** means the United States, and any other country that the parties agree in writing to add to this definition of Territory in an amendment to this Agreement, except shall not include countries that are targeted by the comprehensive sanctions, restrictions or embargoes administered by the United Nations, European Union, United Kingdom, or the United States. Catalent shall not be obliged to Process Products for sale in any of such countries if it is prevented from doing so, or would be required to obtain or apply for special permission to do so, due to any restrictions (such as embargoes) imposed on it by any governmental authorities, including without limitation, those imposed by the U.S. Office of Foreign Asset Control.

1.48 **"Unit Pricing"** has the meaning set forth in Section 7.l(A).

1.49 **"Vendor"** has the meaning set forth in Section 3.2(B).

ARTICLE2
PROCESSING, RELATED SERVICES and EQUIPMENT

2.1 Supply and Purchase of Product. Catalent shall Process Product in accordance with the Specifications, Quality Agreement, Applicable Laws and the terms and conditions of this Agreement. Client and its Affiliates shall purchase exclusively from Catalent all of Client's and its Affiliates' requirements of Product in the Territory. The exclusive purchase obligation of Client applies to all of Client's and its Affiliates' requirements in the Territory of softgel capsules containing the API, except as provided for under Section 4.1.

A. Alternative Source of Supply. The parties will discuss appropriate methods to ensure consistency of supply of the Product for the Territory, including completing the qualification, at Client's cost, of (i) a secondary facility in the Catalent network and/or (ii) a third party site outside the Catalent network as an alternate source of supply if there is a Failure to Supply by Catalent and the primary Catalent Facility cannot supply the Product. For avoidance of doubt, Client shall have the right to qualify a third party as an alternate source of supply of the Product at any time during the Term but Client shall not have the right to source Product from such third party except as set forth in Section 2.l(B).

B. Failure to Supply.

1. A **"Failure to Supply"** shall occur if at any time during the Term of this Agreement, as a result of its act or omission, Catalent: (a) during any single Contract Year **[redacted]**, Catalent delivers Product pursuant to a Purchase Order more than **[redacted]**after the delivery date set forth in the Acknowledgement of such Purchase Order for any reason except as excluded in Section 2.l(B)(iii) below, or (b) at any time during the Term, Catalent is unable to deliver Product pursuant to a Purchase Order for a period longer than **[redacted]**after the applicable delivery date set forth in the Acknowledgement of such Purchase Order for any reason except as excluded in Section 2.l(B)(iii) below.

11. Only in the event of a Failure to Supply as set forth in this Section 2.1 (B), shall Client have the right to purchase Product from any such third party alternate supplier. Once the Catalent Facility is able to supply Product again, Client shall cease issuing purchase orders for Product from any third party alternate supplier, within a commercially reasonable period of time and in no event later than **[redacted]**following Catalent's notice that it is able to resume supply. Notwithstanding anything in this Agreement to the contrary, Catalent shall not be required to transfer any Softgel Technology, Catalent Confidential Information or other confidential or proprietary materials or information of Catalent to any third party.

111. Notwithstanding the foregoing, Client shall not be entitled to exercise the remedies in this Section 2.1(B) or terminate this Agreement in accordance with the terms of this Agreement, upon Catalent's inability to supply Product as a result of (1) with respect to a specific lot or Batch, the time elapsed during a

quality investigation of an out-of-Specification result or deviation of such lot or Batch, (2) Purchase Orders that exceed **[redacted]**of the Minimum Requirement for the Contract Year, (3) Client's failure to supply Catalent with sufficient quantities of Client-supplied Materials which meet the Specifications at least **[redacted]**prior to the delivery date to allow for Processing of Product to be completed within the time period for delivery as set forth in the Acknowledgement to the Purchase Order, (4) delay of Raw Material vendors in accordance with Section 3.2(A), or (5) a Force Majeure event in accordance with Section 18.14.

2 . 2 Product Maintenance Services. Client will receive the following product maintenance services (the **"Product Maintenance Services"):** one annual audit (as further described in Section 9.4); regulatory audits (as further described in Section 9.3); one annual Product review (within the meaning of 21 CFR § 211.180); drug master file updates for the Territory, if applicable; access to document library over and above the Quality Agreement, including additional copies of Batch paperwork or other Batch documentation; assistance in preparing Regulatory Approvals; Product documentation and sample storage relating to cGMP requirements; vendor re-qualification; and maintenance, updates and storage of master Batch records and audit reports. For clarity, Catalent will qualify Catalent directed vendors and Client is responsible for qualifying its vendors. For avoidance of doubt, the following services and items are not included in Product Maintenance Services: technology transfer; packaged Product retained samples, analytical work; stability; and process rework.

2.3 Other Related Services. Catalent shall provide such Product-related services, other than Processing or Product Maintenance Services, as agreed to in writing by the parties from time to time. Such writing shall include the scope and fees for any such services and be appended to this Agreement. The terms and conditions of this Agreement shall govern and apply to such services.

2.4 Equipment. Catalent and Client previously entered into certain quotations identified on Attachment C hereof, which detail some, but not all, of the equipment that Catalent may use to Process Product under this Agreement.

ARTICLE3 MATERIALS

3.1 Client-supplied Materials.

A. Client shall supply to Catalent for Processing, at Client's cost, all Client-supplied Materials, in quantities sufficient to meet Client's requirements for Product. Client shall deliver such items and associated certificates of analysis to the Facility no later than **[redacted]** (but not earlier than one-hundred and **[redacted]**) before the delivery date agreed in the Acknowledgement (as referenced in Section 4.6(B)). Client shall be responsible at its expense for securing any necessary DEA, export or import, similar clearances, permits or certifications required in respect of such supply. Catalent shall use such items solely for Processing. Prior to delivery of any such items, Client shall provide to Catalent a copy of all associated material safety data sheets, safe handling instructions and health and environmental information and any regulatory certifications or authorizations that may be required under Applicable Laws relating to the API and Product, and shall promptly provide any updates thereto.

B. Following receipt of Client-supplied Materials, Catalent shall inspect such items to verify their identity and perform testing according to the Specifications. For clarity, Catalent will test such items to confirm that they meet the associated Specifications or certificate of analysis or otherwise only to the extent such testing or inspection is required by the Specifications. In the event that Catalent detects a nonconformity with Specifications, Catalent shall give Client prompt notice of such nonconformity. Catalent shall not be liable for any defects in Client-supplied Materials, or in Product as a result of defective Client-supplied Materials, unless Catalent failed to properly perform the foregoing obligations. Catalent shall follow Client's reasonable written instructions in respect of return or disposal of defective Client-supplied Materials, at Client's cost.

C. Client shall retain title to Client-supplied Materials at all times and shall bear the risk of loss thereof.

3.2 Raw Materials.

A. Catalent shall be responsible for procuring, inspecting and releasing adequate Raw Materials as necessary to meet the Firm Commitment, unless otherwise agreed to by the parties in writing. Catalent shall not be liable for any delay in delivery of Product if (i) Catalent is unable to obtain, in a timely manner, a particular Raw Material necessary for Processing and (ii) Catalent placed orders for such Raw Materials promptly following receipt of Client's Firm Commitment. In the event that any Raw Material becomes subject to purchase lead time beyond the Firm Commitment time frame, the parties will negotiate in a commercially reasonable manner an appropriate amendment to this Agreement, including Section 4.2.

B. In certain instances, Client may require a specific supplier, manufacturer or vendor **("Vendor")** to be used for Raw Material. In such an event, (i) such Vendor will be identified in the Specifications and (ii) the Raw Materials from such Vendor shall be deemed Client-supplied Materials for purposes of this Agreement. If the cost of the Raw Material from any such Vendor is greater than Catalent's costs for the same raw material of equal quality from other vendors, Catalent shall add the difference between Catalent's cost of the Raw Material and the Vendor's cost of the Raw Material to the Unit Pricing. Client will be responsible for all costs associated with qualification of any such Vendor who has not been previously qualified by Catalent.

C. In the event of (i) a Specification change for any reason, (ii) obsolescence of any Raw Material or (iii) termination or expiration of this Agreement, Client shall bear the cost of any unused Raw Materials (including packaging), so long as Catalent purchased such Raw Materials in quantities consistent with Client's most recent Firm Commitment and the vendor's minimum purchase obligations.

D. The parties will work together to implement a safety stock procurement and supply strategy for excipients to be agreed upon in separate written quotation.

3.3 Inventory Status Reports. Throughout the Term, Catalent shall provide Client, on a **[redacted]** basis, written inventory status reports setting out the quantities of API and certain

excipients (agreed to in writing by the parties) in inventory for the Processing of Product under this Agreement.

ARTICLE4
MINIMUM COMMITMENT, PURCHASE ORDERS & FORECASTS

4.1 Minimum Requirement. During each Contract Year (and prorated for Contract Year 1), Client shall purchase the minimum number of units of Product set forth on Attachment B **("Minimum Requirement").** If Client does not purchase such Minimum Requirement during any Contract Year, then within **[redacted]** after the end of such Contract Year, Client shall pay Catalent the difference between (A) the total amount Client would have paid to Catalent if the Minimum Requirement had been fulfilled for the Product and (B) the sum of all purchases of Product from Catalent during such Contract Year. Notwithstanding the foregoing, Client shall have no obligation to meet the Minimum Requirement or to fulfill its obligations relating to such Minimum Requirement if the Client has attempted to place Purchase Orders in compliance with the terms of this Agreement sufficient to meet the Minimum Requirement but has been advised by Catalent that Catalent will not be able to supply Product in adequate quantities in such Contract Year.

4.2 Forecast. On or before the pt day of each calendar month, beginning at least **[redacted]** prior to the anticipated Commencement Date, Client shall furnish to Catalent a written **[redacted]** rolling forecast of the quantities of Product that Client intends to order from Catalent during such period **("Rolling Forecast").** The first **[redacted]** of such Rolling Forecast shall constitute a binding order for the quantities of Product specified therein **("Firm Commitment")** and the following **[redacted]** of the Rolling Forecast shall be non-binding, good faith estimates.

4.3 Long Term Forecasts. Client will provide Catalent a long term forecast of its estimated purchases of Product **("Long Term Forecast").** Client shall provide to Catalent annual updates of the Long Term Forecast by **[redacted]** of each year, which updates shall cover each of the following **[redacted]** Years in the Term. Catalent will meet with Client annually to discuss available capacity to meet the Long Term Forecast.

4.4 Re-Allocation of Capacity. If, due to a shortage of manufacturing capacity caused by the allocation of such capacity to Catalent's other customers, Catalent is unable to deliver a Batch ordered by Client as part of a Purchase Order Acknowledged by Catalent, Catalent shall take commercially reasonable efforts to re-allocate such manufacturing capacity among Client and Catalent's other customers based on Client's and such other customers' forecasted manufacturing requirements for the then current Contract Year. For the avoidance of doubt, if after such commercially reasonable efforts, Catalent is unable to deliver a Batch ordered by Client as part of an Acknowledged Purchase Order, then Section 2.l(B) may apply.

4.5 Catalent shall provide Client written notice of any scheduled shutdown at its manufacturing Facilities that may impact Catalent's ability to timely supply the Product to Client under this Agreement. If Catalent schedules such shutdown at least **[redacted]** in advance of the shutdown, then Catalent shall provide Client with at least **[redacted]** notice of such shutdown; however, if such shutdown is scheduled less than **[redacted]** in advance of such

shutdown, then Catalent shall provide Client notice within **[redacted]**of the shutdown being scheduled.

4.6 Purchase Orders.

A. From time to time as provided in this Section 4.6(A), Client shall submit to Catalent a binding, non-cancelable purchase order for Product specifying the number of Batches to be Processed, the Batch size (to the extent the Specifications permit Batches of different sizes) and the requested delivery date for each Batch **("Purchase Order").** Concurrently with the submission of each Rolling Forecast, Client shall submit a Purchase Order for the Firm Commitment. Purchase Orders for quantities of Product in excess of the Firm Commitment shall be submitted by Client at least **[redacted]**in advance of the delivery date requested in the Purchase Order.

B. Promptly following receipt of a Purchase Order, Catalent shall issue a written acknowledgement within **[redacted] ("Acknowledgement")** that it accepts or rejects such Purchase Order. Each acceptance Acknowledgement shall either confirm the delivery date set forth in the Purchase Order or set forth a reasonable alternative delivery date. Catalent may reject any Purchase Order in excess of the Firm Commitment or otherwise not given in accordance with this Agreement.

C. Notwithstanding Section 4.6(8), Catalent shall use commercially reasonable efforts to supply Client with quantities of Product which are up to **[redacted]**in excess of the quantities specified in the Firm Commitment, subject to Catalent's other supply commitments and manufacturing, packaging and equipment capacity.

D. In the event of a conflict between the terms of any Purchase Order or Acknowledgement and this Agreement, the terms of this Agreement shall control.

4.7 Catalent's Cancellation of Purchase Orders. Notwithstanding Section 4.8, Catalent reserves the right to cancel all, or any part of, a Purchase Order upon written notice to Client, and Catalent shall have no further obligations or liability with respect to such Purchase Order, if Client refuses or fails to timely supply conforming Client-supplied Materials in accordance with Section 3.1. Any such cancellation of Purchase Orders shall not constitute a breach of this Agreement by Catalent nor shall it absolve Client of its obligation in respect of the Minimum Requirement.

4.8 Client's Modification or Cancellation of Purchase Orders.

A. Client may modify the delivery date or quantity of Product in a Purchase Order only by submitting a written change order to Catalent at least **[redacted]**in advance of the earliest delivery date covered by such change order. Such change order shall be effective and binding against Catalent only upon the written approval of Catalent, and notwithstanding the foregoing, Client shall remain responsible for the Firm Commitment.

B. Notwithstanding any amounts due to Catalent under Section 4.4 or Section 4.1, if Client fails to place Purchase Orders sufficient to satisfy the Firm Commitment, Client shall pay to Catalent in accordance with Article 7 the Unit Pricing for all Units that would have been Processed if Client had placed Purchase Orders sufficient to satisfy the Firm Commitment.

C. Neither changes to nor postponement of any Batch of Product made or caused by Client will reduce or in any way effect Client's Minimum Requirement obligations set forth in Section 4.1.

4.9 Unplanned Delay or Elimination of Processing. Catalent shall use commercially reasonable efforts to meet the Purchase Orders, subject to the terms and conditions of this Agreement. Catalent shall provide Client with as much advance notice as practicable if Catalent determines that any Processing will be delayed or eliminated for any reason but in no event more than **[redacted]**.

4.10 Observation of Processing. In addition to Client's audit right pursuant to Section 9.4, Client may send up to **[redacted]** Representatives to a Facility to observe Processing for a maximum of **[redacted]** per Contract Year (unless otherwise agreed by Catalent in writing), upon at least **[redacted]** prior notice, at reasonable times during regular business hours. Such Representatives shall abide by all Catalent safety rules and other applicable employee policies and procedures, and Client shall be responsible for such compliance. Client shall indemnify and hold harmless Catalent for any action, omission or other activity of such Representatives while on Catalent's premises. Client's Representatives who are not employees of Client shall be required to sign Catalent's standard visitor confidentiality agreement prior to being allowed access to a Facility.

ARTICLE 5 TESTING; RELEASE

5.1 Batch Release. After Catalent completes Processing of a Batch, Catalent shall also provide Client or its designee with Catalent's certificate of analysis for such Batch. Issuance of a certificate of analysis by Catalent constitutes release of the Batch by Catalent to Client. Client shall be responsible for final release of Product to the market (including any additional testing, as applicable), at its cost.

5.2 Testing; Rejection. No later than **[redacted]** after receipt of the Batch **("Review Period"),** Client or its designee shall notify Catalent whether the Batch conforms to Specifications. Upon receipt of notice from Client that a Batch meets Specifications, or upon failure of Client to respond by the end of the Review Period, the Batch shall be deemed accepted by Client and Client shall have no right to reject such Batch. If Client or its designee timely notifies Catalent in writing (an **"Exception Notice")** that a Batch does not conform to the Specifications or otherwise does not meet the warranty set forth in Section 12.1 **("Defective Product"),** and provides a sample of the alleged Defective Product, Catalent shall conduct an appropriate investigation in its discretion to determine whether or not it agrees with Client that Product is Defective Product and to determine the cause of any nonconformity. If Catalent agrees that Product is Defective Product and determines that the cause of nonconformity is attributable to Catalent's negligence or willful misconduct **("Catalent Defective Processing"),** then Section 5.4 shall apply. For avoidance of doubt, where the cause of nonconformity cannot be determined or assigned, it shall be deemed not Catalent Defective Processing.

5.3 Discrepant Results. If the parties disagree as to whether Product is Defective Product and/or whether the cause of the nonconformity is Catalent Defective Processing, and this is not resolved within thirty (30) days of the Exception Notice date, the parties shall cause a mutually

acceptable independent third party to review records, test data and to perform comparative tests and/or analyses on samples of the alleged Defective Product and its components, including Client supplied Materials. The independent party's results as to whether or not Product is Defective Product and the cause of any nonconformity shall be final and binding. Unless otherwise agreed to by the parties in writing, the costs associated with such testing and review shall be borne by Catalent if Product is Defective Product attributable to Catalent Defective Processing, and by Client in all other circumstances.

5.4 Defective Processing. In the event of Catalent Defective Processing, Catalent shall, at its option, either (A) replace at its cost another Batch of Product (as a replacement for any Batch of Defective Product attributable to Catalent Defective Processing) using Client-supplied Materials provided at Client's cost or (B) credit any payments made by Client for such Batch. THE OBLIGATION OF CATALENT TO REPLACE CATALENT DEFECTIVE PROCESSING IN ACCORDANCE WITH THE SPECIFICATIONS OR CREDIT PAYMENTS MADE BY CLIENT FOR DEFECTIVE PRODUCT ATTRIBUTABLE TO CATALENT DEFECTIVE PROCESSING SHALL BE CLIENT'S SOLE AND EXCLUSIVE REMEDY UNDER THIS AGREEMENT FOR DEFECTIVE PRODUCT AND IS IN LIEU OF ANY OTHER WARRANTY, EXPRESS OR IMPLIED.

ARTICLE6 DELIVERY

6 . 1 Delivery. Catalent shall deliver Product ExWorks (Incoterms 2020) the Facility promptly following Catalent's release of Product. Catalent shall segregate and store all Product until tender of delivery. To the extent not already held by Client, title to Product shall transfer to Client upon Catalent's tender of delivery. If Catalent provides storage services, title to such items shall pass to Client upon transfer to storage. Client shall qualify a minimum of two (2) carriers to ship Product and then designate the priority of such qualified carriers to Catalent. In the event Catalent arranges shipping or performs similar loading and/or logistics services for Client at Client's request, such services are performed by Catalent as a convenience to Client only and do not alter the above. Catalent shall not be responsible for Product in transit, including any cost of insurance or other transport fees for Product, or any risks associated with transit or customs delays, storage and handling.

6.2 Storage Fees. If Client fails to take delivery of any Product on any scheduled delivery date, Catalent shall store such Product and Client shall be invoiced on the first day of each month following such scheduled delivery for reasonable administration and storage costs.

ARTICLE7 PAYMENTS

7.1 Fees. Information has been excluded from this exhibit because it both (i) Certain identified is not material and (ii) would be competitively harmful if publicly disclosed.

A. Client shall pay Catalent the unit pricing for Product set forth on Attachment B **("Unit Pricing").** Catalent shall submit an invoice to Client for such fees upon tender of delivery of Product as provided in Section 6.1.

B. Client shall pay Catalent the annual fees for Product Maintenance Services set forth on Attachment B in accordance with the payment terms set forth in Section 7.3. Such Product Maintenance Services fees shall be payable on the Effective Date and each anniversary thereof. Client's payment of such fees shall cover the annual fees for the upcoming twelve (12) months.

C. Client shall pay Catalent the annual fees for Flammable Storage Maintenance set forth on Attachment B in accordance with the payment terms set forth in Section 7.3. Such Flammable Storage Maintenance fees shall be payable on the Effective Date and each anniversary thereof. Client's payment of such fees shall cover the annual fees for the upcoming **[redacted]**.

D . Other Fees. Client shall pay Catalent for all other fees and expenses of Catalent owing in accordance with the terms of this Agreement, including pursuant to Sections 2.3, 4.1, 6.2 and 16.3. Catalent shall submit an invoice to Client for such fees as and when appropriate.

7.2 Unit Pricing Increase. The Unit Pricing shall be adjusted on January 1 st of each Contract Year to reflect increases in labor, utilities and overhead and shall be in an amount equal to the change in the Producer Price Index ("PPI"), "Pharmaceutical Preparation Manufacturing" (Series ID: PCU325412325412), not seasonally adjusted, as published by the U.S. Department of Labor, Bureau of Labor Statistics, **[redacted]**in any one year. The PPI is currently available at the website: https://www.bls.gov/ppi/. Catalent shall endeavor to provide Client with prior written notice of such adjustment no later than October 31st of each Contract Year, but any failure to provide such written notice shall not preclude such adjustment. In addition, price increases for Raw Materials, and components shall be passed through to Client.

7.3 Payment Terms. Payment of all Catalent invoices shall be due **[redacted]**after the date the invoice is sent to Client. Client shall make payment in U.S. dollars, and otherwise as directed in the applicable invoice. If any payment is not received by Catalent by its due date, then Catalent may, in addition to any other remedies available at equity or in law, charge interest on the outstanding sum from the due date (both before and after any judgment) at **[redacted]**per month until paid in full (or, if less, the maximum amount permitted by Applicable Laws). Except that, if a portion of an invoice is in dispute, then Client shall pay the undisputed amounts and the parties shall use good faith efforts to reconcile the disputed amount within **[redacted]**of receipt of notification of a dispute.

7.4 Advance Payment. Notwithstanding any other provision of this Agreement, if at any time and with good and material reason Catalent determines in good faith that Client's credit is impaired, Catalent may require **[redacted]**payment in advance before performing any further services or making any further shipment of Product. If Client shall fail, within a reasonable time, to make such payment in advance, or if Client shall fail to make any payment when due, Catalent shall have the right, at its option, to suspend any further performance hereunder until such default is corrected, without thereby releasing Client from its obligations under this Agreement.

7 . 5 Taxes. All taxes, duties and other amounts assessed (excluding tax based on net income and franchise taxes) on Client-supplied Materials, services or Product prior to or upon provision or sale to Catalent or Client, as the case may be, are the responsibility of Client, and Client shall reimburse Catalent for all such taxes, duties or other expenses paid by Catalent or such sums will be added to invoices directed at Client, where applicable.

7.6 Client and Third-Party Expenses. Except as may be expressly covered by Product Maintenance Service fees, Client shall be responsible for **[redacted]**of its own and all third-party expenses associated with the development, Regulatory Approvals and commercialization of Product, including regulatory filings and post-approval marketing studies.

7.7 Development Batches. Each Batch produced under this Agreement, including those necessary to support the validation portion of Client's submissions for Regulatory Approvals, will be considered to be a "development batch" unless and until Processing has been validated. Client shall be responsible for the cost of each such Batch, even if such Batch fails to meet the Specifications, unless Catalent was grossly negligent in the Processing of the out-of-Specification Batch. Catalent and Client shall cooperate in a commercially reasonable manner to resolve any problems causing the out-of-Specification Batch.

ARTICLE 8
CHANGES TO SPECIFICATIONS

8.1 All Specifications and any changes thereto agreed to by the parties from time to time shall be in writing, dated and signed by the parties. Any change to the Process shall be deemed a Specification change. No change in the Specifications shall be implemented by Catalent, whether requested by Client or requested or required by any Regulatory Authority, until the parties have agreed in writing to such change, the implementation date of such change, and any increase or decrease in costs, expenses or fees associated with such change (including any change to Unit Pricing). Catalent shall respond promptly to any request made by Client for a change in the Specifications, and both parties shall use commercially reasonable efforts to agree to the terms of such change in a timely manner. As soon as possible after a request is made for any change in Specifications, Catalent shall notify Client of the costs associated with such change and shall provide such supporting documentation as Client may reasonably require. Client shall pay all costs associated with such agreed upon changes. If there is a conflict between the terms of this Agreement and the terms of the Specifications, this Agreement shall control. Catalent reserves the right to postpone effecting changes to the Specifications until such time as the parties agree to and execute the required written amendment.

ARTICLE9
RECORDS; REGULATORY MATTERS

9.1 Recordkeeping. Catalent shall maintain materially complete and accurate Batch, laboratory data, reports and other technical records relating to Processing in accordance with Catalent standard operating procedures. Such information shall be maintained for a period of at least **[redacted]** from the relevant finished Product expiration date or longer if required under Applicable Laws or the Quality Agreement.

9.2 Regulatory Compliance. Catalent shall obtain and maintain all permits and licenses with respect to general Facility operations required by any Regulatory Authority in the jurisdiction in which Catalent Processes Product. Client shall obtain and maintain all other Regulatory Approvals, authorizations and certificates, including those necessary for Catalent to commence Processing. Client shall reimburse Catalent for any payments Catalent is required to make to any Regulatory Authority pursuant to Applicable Laws resulting from Catalent's formulation, development, manufacturing, processing, filling, packaging, storing or testing of Client's Product

or Client-supplied Materials at the Facility (including without limitation any payments or fees Catalent is required to make pursuant to the Generic Drug User Fee Amendments of2012). Client shall not identify Catalent in any regulatory filing or submission without Catalent's prior written consent. Such consent shall not be unreasonably withheld and shall be memorialized in a writing signed by authorized Representatives of both parties. Upon written request, Client shall provide Catalent with a copy of any Regulatory Approvals required to distribute, market and sell Product in the Territory. If Client is unable to provide such information, Catalent shall have no obligation to deliver Product to Client, notwithstanding anything to the contrary in this Agreement. During the Term, Catalent will maintain its own Drug Master File for Product and assist Client with all regulatory matters relating to Processing, at Client's request and expense. The parties intend and commit to cooperate to allow each party to satisfy its obligations under Applicable Laws relating to Processing under this Agreement.

9.3 Governmental Inspections and Requests. Catalent shall promptly advise Client if an authorized agent of any Regulatory Authority notifies Catalent that it intends to or does visit the Facility for the purpose of reviewing the Processing. Upon request, Catalent shall provide Client with a copy of any report issued by such Regulatory Authority received by Catalent following such visit, redacted as appropriate to protect any confidential information of Catalent and Catalent' s other customers. Client acknowledges that it may not direct the manner in which Catalent fulfills its obligations to permit inspection by and to communicate with Regulatory Authorities. Client shall reimburse Catalent for all reasonable and documented costs associated with inspections by Regulatory Authorities in connection with Product.

9.4 Client Facility Audits. During the Term, Client's Representatives shall be granted access, as mutually agreed to in advance by the parties, at reasonable times during regular business hours, to (A) the portion of a Facility where Catalent performs Processing, (B) relevant personnel involved in Processing and (C) Processing records described in Section 9.1, in each case solely for the purpose of verifying that Catalent is Processing in accordance with cGMPs, the Specifications, the Quality Agreement and the Product master Batch records. Client may not conduct an audit under this Section more than once during any **[redacted]**period; provided, that additional inspections may be conducted for cause or in the event there is a material quality or compliance issue concerning Product or its Processing. Client's Quality Assurance Manager will arrange Client audits with Catalent Quality Management. Audits shall be designed to minimize disruption of operations at the Facility. Any audit conducted by Client pursuant to this Section shall be conducted by no more than two (2) of Client's Representatives and have a duration of no more than two (2) consecutive business days. Client's Representatives who are not employees of Client shall be required to sign Catalent' s standard visitor confidentiality agreement prior to being allowed access to the Facility. Such Representatives shall comply with the Facility's rules and regulations. Client shall indemnify and hold harmless Catalent for any action or activity of such Representatives while on Catalent's premises.

9.5 Recall. If a Regulatory Authority orders or requires the recall of any Product supplied hereunder or if either Catalent or Client believes a recall, field alert, Product withdrawal or field correction **("Recall")** may be necessary with respect to any Product supplied under this Agreement, the party receiving the notice from the Regulatory Authority or that holds such belief shall promptly notify the other party in writing. With respect to any Recall, Catalent shall provide all necessary cooperation and assistance to Client. Client shall provide Catalent with an advance copy of any proposed submission to a Regulatory Authority in respect of any Recall, and shall

reasonably consider any comments from Catalent. The cost of any Recall shall be borne by Client, and Client shall reimburse Catalent for expenses incurred in connection with any Recall, in each case unless such Recall is caused solely by Catalent's breach of its Processing obligations under this Agreement or Catalent' s violation of Applicable Laws, then such cost shall be borne by Catalent. For purposes hereof, such Catalent cost shall be limited to reasonable, actual and documented administrative costs incurred by Client for such Recall and if applicable, replacement of the Product subject to Recall both in accordance with Article 5.

9 . 6 Quality Agreement. Within **[redacted]**after the Effective Date, and in any event prior to the first Processing of Product hereunder, the parties shall negotiate in good faith and enter into a quality agreement (the **"Quality Agreement").** The Quality Agreement shall in no way determine liability or financial responsibility of the parties for the responsibilities set forth therein. In the event of a conflict between any of the provisions of this Agreement and the Quality Agreement with respect to quality-related activities, including compliance with cGMP, the provisions of the Quality Agreement shall govern. In the event of a conflict between any of the provisions of this Agreement and the Quality Agreement with respect to any commercial matters, including allocation of risk, liability and financial responsibility, the provisions of this Agreement shall govern.

ARTICLE 10 CONFIDENTIALITY AND NON-USE

10.1 Definition. As used in this Agreement, the term **"Confidential Information"** includes all information furnished by or on behalf of Catalent or Client (the **"Discloser"),** its Affiliates or any of its or their respective Representatives, to the other party (the **"Recipient"),** its Affiliates or any of its or their respective Representatives, whether furnished before, on or after the Effective Date and furnished in any form, including written, verbal, visual, electronic or in any other media or manner and information acquired by observation or otherwise during any site visit at the other party's facility. Confidential Information includes all proprietary technologies, know-how, trade secrets, discoveries, inventions and any other intellectual property (whether or not patented), analyses, compilations, business or technical information and other materials prepared by either party, their respective Affiliates, or any of its or their respective Representatives, containing or based in whole or in part on any information furnished by the Discloser, its Affiliates or any of its or their respective Representatives. Confidential Information also includes the existence of this Agreement and its terms.

10.2 Exclusions. Notwithstanding Section 10.1, Confidential Information does not include information that (A) is or becomes generally available to the public or within the industry to which such information relates other than as a result of a breach of this Agreement, (B) is already known by the Recipient at the time of disclosure as evidenced by the Recipient's written records, (C) becomes available to the Recipient on a non-confidential basis from a source that is entitled to disclose it on a non-confidential basis or (D) was or is independently developed by or for the Recipient without reference to the Confidential Information of the Discloser as evidenced by the Recipient's written records.

10.3 Mutual Obligation. The Recipient agrees that it will not use the Discloser's Confidential Information except in connection with the performance of its obligations hereunder and will not disclose, without the prior written consent of the Discloser, Confidential Information of the

Discloser to any third party, except that the Recipient may disclose the Discloser's Confidential Information to any of its Affiliates and its or their respective Representatives that (A) need to know such Confidential Information for the purpose of performing under this Agreement, (B) are advised of the contents of this Article and (C) are bound to the Recipient by obligations of confidentiality at least as restrictive as the terms of this Article. Each party shall be responsible for any breach of this Article by its Affiliates or any of its or their respective Representatives.

10.4 Permitted Disclosure. The Recipient may disclose the Discloser's Confidential Information to the extent required by law or regulation; *provided,* that prior to making any such legally required disclosure, the Recipient shall give the Discloser as much prior notice of the requirement for and contents of such disclosure as is practicable under the circumstances. Any such disclosure, however, shall not relieve the Recipient of its obligations contained herein.

10.5 No Implied License. Except as expressly set forth in Section 10.1, the Recipient will obtain no right of any kind or license under any Confidential Information of the Discloser, including any patent application or patent, by reason of this Agreement. All Confidential Information will remain the sole property of the Discloser, subject to Article 11.

10.6 Return of Confidential Information. Upon expiration or termination of this Agreement, the Recipient will (and will cause its Affiliates and its and their respective Representatives to) cease its use and, upon written request, within **[redacted]**either return or destroy (and certify as to such destruction) all Confidential Information of the Discloser, including any copies thereof, except for a single copy which may be retained for the sole purpose of ensuring compliance with its obligations under this Agreement and any electronic back-up copies generated automatically for disaster recovery and business continuity purposes that cannot be deleted without undue effort and to which access is limited.

10.7 Survival. The obligations of this Article will terminate five (5) years from the expiration or termination of this Agreement, except with respect to trade secrets, for which the obligations of this Article will continue for so long as such information remains a trade secret under applicable law.

ARTICLE 11 INTELLECTUAL PROPERTY

11.1 For purposes hereof, **"Client IP"** means all intellectual property, including any patents and know how relating to voclosporin and embodiments thereof, and improvements owned by or licensed to Client as of the date hereof or developed by Client other than in connection with this Agreement; **"Catalent IP"** means all intellectual property (including all Softgel Technology) and embodiments thereof owned by or licensed to Catalent as of the date hereof or developed by Catalent other than in connection with this Agreement; **"Invention"** means any intellectual property developed by either party or jointly by the parties in connection with this Agreement; **"Client Inventions"** means any Invention that relates exclusively to the Client IP or Client's patented APL **"Softgel Inventions"** means any Invention that relates to Catalent's Softgel Technology; and **"Process Inventions"** means any Invention, other than a Client Invention or Softgel Invention, that relates to the Catalent IP or relates to developing, formulating, manufacturing, filling, processing, packaging, analyzing or testing pharmaceutical products generally. All Client IP and Client Inventions shall be owned solely by Client and no right therein

is granted to Catalent under this Agreement, except that Catalent shall have a non-exclusive, royalty-free license to such items solely to the extent necessary to perform its obligations under this Agreement. All Catalent IP, Softgel Inventions and Process Inventions shall be owned solely by Catalent and no right therein is granted to Client under this Agreement. All inventions to generic API (other than Client Inventions, Softgel Inventions, or Process Inventions), if any, shall be owned jointly by Catalent and Client. The parties shall cooperate to achieve the allocation of rights to Inventions anticipated herein and each party shall be solely responsible for costs associated with the protection of its intellectual property.

ARTICLE 12 REPRESENTATIONS AND WARRANTIES

12.1 Catalent. Catalent represents, warrants and undertakes to Client that:

A. at the time of delivery by Catalent as provided in Section 6.1, Product shall have been Processed in accordance with Applicable Laws (including cGMP where applicable) and in conformance with the Specifications and shall not be adulterated, misbranded or mislabeled within the meaning of Applicable Laws; *provided,* that Catalent shall not be liable for defects attributable to Client-supplied Materials (including labeling of Client-supplied Materials;

B . Catalent has all necessary authority to use the Softgel Technology utilized with the Product and as contemplated by this Agreement; to its knowledge, there are no patents owned by others related to the Catalent IP utilized with the Product that would be infringed or misused by Catalent' s performance of the Agreement; and, to its knowledge, no trade secrets or other proprietary rights of others related to the Catalent IP utilized with the Product that would be infringed or misused by Catalent's performance of this Agreement; and

C. No transactions or dealings under this Agreement shall be conducted with or for an individual or entity that is designated as the target of any sanctions, restrictions or embargoes administered by the United Nations, European Union, United Kingdom, or the United States.

12.2 Client. Client represents, warrants and undertakes to Catalent that:

A. all Client-supplied Materials shall have been produced, manufactured, prepared, preserved, packaged and stored in accordance with Applicable Laws (including cGMP where applicable), shall comply with all applicable specifications, including the Specifications, shall not be adulterated, misbranded or mislabeled within the meaning of Applicable Laws, and shall have been provided in accordance with the terms and conditions of this Agreement;

B. the content of all artwork, advertising and labeling provided to Catalent shall comply with all Applicable Laws;

C. all Product delivered to Client by Catalent shall be held, used and disposed of by or on behalf of the Client in accordance with all Applicable Laws, and Client will otherwise comply with all laws, rules, regulations and guidelines applicable to Client's performance under this Agreement;

D. Client will not release any Batch of Product if the required certificates of conformance indicate that Product does not comply with the Specifications or if Client does not hold all necessary Regulatory Approvals to market and sell the Product;

E. Client has all necessary authority to use and to permit Catalent to use pursuant to this Agreement all intellectual property related to Product or Client-supplied Materials (including artwork), and the Processing of the foregoing, including any copyrights, trademarks, trade secrets, patents, inventions and developments; there are no patents owned by others related to the Client IP utilized with the Product that would be infringed or misused by Client's performance of the Agreement; and, to its knowledge, no trade secrets or other proprietary rights of others related to the Client IP utilized with the Product that would be infringed or misused by Client's performance of this Agreement;

F. the services to be performed by Catalent under this Agreement will not violate or infringe upon any trademark, tradename, copyright, patent, trade secret, or other intellectual property or other right held by any person or entity;

G. Client has all authorizations and permits required to deliver API (or have delivered) to Catalent's Facility; and

H. No transactions or dealings under this Agreement shall be conducted with or for an individual or entity that is designated as the target of any sanctions, restrictions or embargoes administered by the United Nations, European Union, United Kingdom, or the United States.

12.3 Limitations. THE REPRESENTATIONS AND WARRANTIES SET FORTH IN THIS ARTICLE ARE THE SOLE AND EXCLUSIVE REPRESENTATIONS AND WARRANTIES MADE BY EACH PARTY TO THE OTHER PARTY, AND NEITHER PARTY MAKES ANY OTHER REPRESENTATIONS, WARRANTIES, CONDITIONS OR GUARANTEES OF ANY KIND WHATSOEVER, INCLUDING ANY IMPLIED WARRANTIES OF MERCHANTABILITY, NON-INFRINGEMENT OR FITNESS FOR A PARTICULAR PURPOSE.

ARTICLE 13 INDEMNIFICATION

13.1 Indemnification by Catalent. Catalent shall indemnify, defend and hold harmless Client, its Affiliates, and their respective directors, officers and employees **("Client Indemnitees")** from and against any and all suits, claims, losses, demands, liabilities, damages, costs and expenses (including reasonable attorneys' fees and reasonable investigative costs) in connection with any suit, demand or action by any third party **("Losses")** arising out of or resulting from (A) any breach of its representations, warranties or obligations set forth in this Agreement or (B) any negligence or willful misconduct by Catalent; in each case except to the extent that any of the foregoing arises out of or results from any Client Indemnitee's negligence, willful misconduct or breach of this Agreement.

13.2 Indemnification by Client. Client shall indemnify, defend and hold harmless Catalent, its Affiliates, and their respective directors, officers and employees **("Catalent Indemnitees")** from and against any and all Losses arising out of or resulting from (A) any breach of its representations,

warranties or obligations set forth in this Agreement, (B) any manufacture, packaging, sale, promotion, distribution or use of or exposure to Product or Client-supplied Materials, including product liability or strict liability, (C) Client's exercise of control over the Processing, to the extent that Client's instructions or directions violate Applicable Laws, (D) the conduct of any clinical trials utilizing Product or API, (E) any actual or alleged infringement or violation of any third party patent, trade secret, copyright, trademark or other proprietary rights by intellectual property or other information provided by Client, including Client-supplied Materials, or (F) any negligence or willful misconduct by Client; in each case except to the extent that any of the foregoing arises out of or results from any Catalent Indemnitee' s negligence, willful misconduct or breach of this Agreement.

13.3 Indemnification Procedures. All indemnification obligations in this Agreement are conditioned upon the indemnified party (A) promptly notifying the indemnifying party of any claim or liability of which the indemnified party becomes aware (including a copy of any related complaint, summons, notice or other instrument); provided, that failure to provide such notice within a reasonable period of time shall not relieve the indemnifying party of any of its obligations hereunder except to the extent the indemnifying party is prejudiced by such failure, (B) allowing the indemnifying party to conduct and control the defense of any such claim or liability and any related settlement negotiations (at the indemnifying party's expense), (C) cooperating with the indemnifying party in the defense of any such claim or liability and any related settlement negotiations (at the indemnifying party's expense) and (D) not compromising or settling any claim or liability without prior written consent of the indemnifying party.

ARTICLE 14 LIMITATIONS OF LIABILITY

14.1 EXCEPT IN THE EVENT OF CATALENT'S GROSS NEGLIGENCE OR WILLFUL MISCONDUCT, CATALENT SHALL HAVE NO LIABILITY UNDER THIS AGREEMENT FOR ANY AND ALL CLAIMS FOR LOST, DAMAGED OR DESTROYED CLIENT SUPPLIED MATERIALS, WHETHER OR NOT SUCH CLIENT-SUPPLIED MATERIALS ARE INCORPORATED INTO PRODUCT. IN THE EVENT OF CATALENT'S GROSS NEGLIGENCE OR WILLFUL MISCONDUCT, CATALENT'S LIABILITY UNDER THIS AGREEMENT FOR ANY AND ALL CLAIMS FOR LOST, DAMAGED OR DESTROYED CLIENT-SUPPLIED MATERIALS, WHETHER OR NOT SUCH CLIENT-SUPPLIED MATERIALS ARE INCORPORATED INTO PRODUCT SHALL NOT EXCEED THE TOTAL FEES PAID BY CLIENT TO CATALENT UNDER THIS AGREEMENT FOR THE BATCH OR SERVICES GIVING RISE TO THE CLAIM.

14.2 CATALENT'S TOTAL LIABILITY UNDER THIS AGREEMENT SHALL IN NO EVENT EXCEED THE TOTAL FEES PAID BY CLIENT TO CATALENT UNDER THIS AGREEMENT FOR THE BATCH OR SERVICES GIVING RISE TO THE CLAIM.

14.3 NEITHER PARTY SHALL BE LIABLE TO THE OTHER PARTY FOR INDIRECT, INCIDENTAL, SPECIAL, PUNITIVE OR CONSEQUENTIAL DAMAGES OR LOSS OF REVENUES, PROFITS OR DATA ARISING OUT OF PERFORMANCE UNDER THIS AGREEMENT, WHETHER IN CONTRACT, IN CIVIL LIABILITY OR IN TORT, EVEN IF SUCH PARTY HAS BEEN ADVISED OF THE POSSIBILITY OF SUCH DAMAGES.

ARTICLE 15 INSURANCE

15.1 Catalent shall, at its own cost and expense, obtain and maintain in full force and effect during the Term the following: (A) Commercial General Liability Insurance with a per-occurrence limit of not less than **[redacted]**; and (B) Workers' Compensation Insurance with statutory limits and Employers Liability Insurance with limits of not less than **[redacted]**per accident.

Client shall by the earlier of (1) the date of approval of the Product by the United States Food and Drug Administration or (2) the Commencement Date, at its own cost and expense obtain and maintain in full force and effect for the remainder of the Term the following: (A) General Liability Insurance with a per-occurrence limit of not less than **[redacted]** (that may include an umbrella policy); (B) Products Liability insurance with a per-occurrence limit of not less than **[redacted]**;
(C) Workers' Compensation Insurance with statutory limits and Employers Liability Insurance; and (D) All Risk Property Insurance, including transit coverage, in an amount equal to the full replacement value of its property while in, or in transit to, a Catalent facility as required under this Agreement.

Each party may self-insure all or any portion of the required insurance as long as, together with its Affiliates, its US GAAP net worth is greater than **[redacted]**or its annual EBITDA (earnings before interest, taxes, depreciation and amortization) is greater than **[redacted]**. Each required insurance policy, other than self-insurance, shall be obtained from an insurance carrier with anA.M. Best rating of at least A- VII. If any of the required policies of insurance are written on a claims made basis, such policies shall be maintained throughout the Term and for a period of at least **[redacted]**thereafter. Client shall obtain a waiver of subrogation clause from its property insurance carriers in favor of Catalent. Catalent shall be named as an additional insured within the Client's products liability insurance policies; provided, that such additional insured status will apply solely to the extent of the insured party's indemnity obligations under this Agreement. Such waivers of subrogation and additional insured status obligations will operate the same whether insurance is carried through third parties or self-insured. Upon the other party's written request from time to time, each party shall promptly furnish to the other party a certificate of insurance or other evidence of the required insurance.

ARTICLE 16
TERM AND TERMINATION

16.1 Term. This Agreement shall commence on the Effective Date and shall continue until the end of the **[redacted]**Contract Year, unless earlier terminated in accordance with Section 16.2 (as may be extended in accordance with this Section, the **"Term").** The Term shall automatically be extended for successive **[redacted]**periods unless and until one party gives the other party at least **[redacted]**prior written notice of its desire to terminate as of the end of the then current Term.

16.2 Termination. This Agreement may be terminated immediately without further action:

A. by either party if the other party files a petition in bankruptcy, or enters into an agreement with its creditors, or applies for or consents to the appointment of a receiver, administrative receiver, trustee or administrator, or makes an assignment for the benefit of

creditors, or suffers or permits the entry of any order adjudicating it to be bankrupt or insolvent and such order is not discharged within **[redacted]**, or takes any equivalent or similar action in consequence of debt in any jurisdiction; or

B. by either party if the other party materially breaches any of the provisions of this Agreement and such breach is not cured within **[redacted]**after the giving of written notice requiring the breach to be remedied; *provided,* that in the case of a failure of Client to make payments in accordance with the terms of this Agreement, Catalent may terminate this Agreement if such payment breach is not cured within **[redacted]**of receipt of notice of non-payment from Catalent, unless subject to good faith dispute.

16.3 Effect of Termination. Expiration or termination of this Agreement shall be without prejudice to any rights or obligations that accrued to the benefit of either party prior to such expiration or termination. In the event of a termination of this Agreement:

A. Catalent shall promptly return to Client, at Client's expense and direction, any remaining inventory of Product or Client-supplied Materials; *provided,* that all outstanding invoices have been paid in full, unless subject to good faith dispute;

B. Client shall pay Catalent all invoiced amounts outstanding hereunder, plus, upon receipt of invoice therefor, for any (i) Product that has been shipped pursuant to Purchase Orders but not yet invoiced, (ii) Product Processed pursuant to Purchase Orders that has been completed but not yet shipped, and (iii) in the event that this Agreement is terminated for any reason other than by Client pursuant to Section 16.2(A) or (B) all Product in process of being Processed pursuant to Purchase Orders (or, alternatively, Client may instruct Catalent to complete such work in process, and the resulting completed Product shall be governed by clause (ii)), unless subject to good faith dispute; and

C. in the event that this Agreement is terminated for any reason other than by Client pursuant to Section 16.2(A) or (B), Client shall pay Catalent for all costs and expenses incurred, and all non-cancellable commitments made, in connection with Catalent's performance of this Agreement, so long as such costs, expenses or commitments were made by Catalent consistent with Client's most recent Firm Commitment and the vendor's minimum purchase obligations.

16.4 Survival. The rights and obligations of the parties shall continue under Articles 11 (Intellectual Property), 13 (Indemnification), 14 (Limitations of Liability), 17 (Notice), 18 (Miscellaneous); under Articles 10 (Confidentiality and Non-Use) and 15 (Insurance), in each case to the extent expressly stated therein; and under Sections 7.3 (Payment Terms), 7.5 (Taxes), 7.6 (Client and Third Party Expenses), 9.1 (Recordkeeping), 9.5 (Recall), 12.3 (Limitations on Warranties), 16.3 (Effect of Termination) and 16.4 (Survival), in each case in accordance with their respective terms if applicable, notwithstanding expiration or termination of this Agreement.

All notices and other communications hereunder shall be in writing and shall be deemed given:
(A) when delivered personally or by hand; (B) when delivered by electronic transmission marked "Urgent" to specified recipient in this Article 17 (receipt verified); or (C) when delivered, if sent

by express courier service; in each case to the parties at the following addresses (or at such other address for a party as shall be specified by like notice; *provided,* that notices of a change of address shall be effective only upon receipt thereof):

To Client: Aurinia Pharmaceuticals Inc. 1203-4464 Markham Street Victoria, BC Canada V8Z 7X8
Attn: Legal & Compliance
E-mail: **[redacted]** Marked: URGENT

With a copy to: Aurinia Pharmaceuticals Inc. 1203-4464 Markham Street Victoria, BC Canada V8Z 7X8
Attn: **[redacted]**
E-mail: **[redacted]**
Marked: URGENT

To Catalent:

With a copy to:

Catalent Pharma Solutions, LLC 2725 Scherer Drive North
St. Petersburg, FL 33716 USA
Attn: General Manager Facsimile: **[redacted]**

Catalent Pharma Solutions, LLC 14 Schoolhouse Road
Somerset, NJ 08873 USA
Attn: General Counsel (Legal Department) Facsimile: **[redacted]**
Email: **[redacted]**

ARTICLE 18 MISCELLANEOUS

1 8 . 1 Entire Agreement; Amendments. This Agreement, together with the Quality Agreement, constitutes the entire understanding between the parties, and supersedes any contracts, agreements or understandings (oral or written) of the parties, with respect to the subject matter hereof. For the avoidance of doubt, this Agreement does not supersede any existing generally applicable confidentiality agreement between the parties as it relates to time periods prior to the date hereof or to business dealings not covered by this Agreement. No term of this Agreement

may be amended except upon written agreement of both parties, unless otherwise expressly provided in this Agreement.

18.2 Captions; Certain Conventions. The captions in this Agreement are for convenience only and are not to be interpreted or construed as a substantive part of this Agreement. Unless otherwise expressly provided herein or the context of this Agreement otherwise requires, (A) words of any

gender include each other gender, (B) words such as "herein", "hereof', and "hereunder" refer to this Agreement as a whole and not merely to the particular provision in which such words appear,
(C) words using the singular shall include the plural, and vice versa, (D) the words "include(s)" and "including" shall be deemed to be followed by the phrase "but not limited to", "without limitation" or words of similar import, (E) the word "or" shall be deemed to include the word "and" (e.g., "and/or"), (F) references to "Article," "Section," "subsection," "clause" or other subdivision, or to an Attachment or other appendix, without reference to a document are to the specified provision or Attachment of this Agreement, and (G) subject to Applicable Laws, all references to liabilities or obligations of Catalent herein shall be subject to Article 14, regardless of whether the particular provision includes a cross reference to Article 14. This Agreement shall be construed as if it were drafted jointly by the parties.

18.3 Further Assurances. The parties agree to execute, acknowledge and deliver such further instruments and to take all such other incidental acts as may be reasonably necessary or appropriate to carry out the purpose and intent of this Agreement.

18.4 No Waiver. Failure by either party to insist upon strict compliance with any term of this Agreement in any one or more instances will not be deemed to be a waiver of its rights to insist upon such strict compliance with respect to any subsequent failure.

18.5 Severability. If any term of this Agreement is declared invalid or unenforceable by a court or other body of competent jurisdiction, the remaining terms of this Agreement will continue in full force and effect.

18.6 Independent Contractors. The relationship of the parties is that of independent contractors, and neither party will incur any debts or make any commitments for the other party except to the extent expressly provided in this Agreement. Nothing in this Agreement is intended to create or will be construed as creating between the parties the relationship of joint venturers, co-partners, employer/employee or principal and agent. Neither party shall have any responsibility for the hiring, termination or compensation of the other party's employees or contractors or for any employee benefits of any such employee or contractor.

18.7 Successors and Assigns. This Agreement will be binding upon and inure to the benefit of the parties, their successors and permitted assigns. Neither party may assign this Agreement, in whole or in part, without the prior written consent of the other party, except that either party may, without the other party's consent (but subject to prior written notice), assign this Agreement in its entirety to an Affiliate or to a successor to substantially all of the business or assets of the assigning party or the assigning party's business unit responsible for performance under this Agreement.

18.8 No Third-Party Beneficiaries. This Agreement shall not confer any rights or remedies upon any person or entity other than the parties named herein and their respective successors and permitted assigns.

18.9 Governing Law. This Agreement shall be governed by and construed under the laws of the State of New Jersey, USA, excluding its conflicts of law provisions. The United Nations Convention on Contracts for the International Sale of Goods shall not apply to this Agreement.

18.10 Alternative Dispute Resolution. Any dispute that arises between the parties in connection with this Agreement shall frrst be presented to the senior executives of the parties for consideration and resolution. If such executives cannot reach a resolution of the dispute within a reasonable time, then such dispute shall be resolved by binding alternative dispute resolution in accordance with the then existing commercial arbitration rules of International Institute for Conflict Prevention and Resolution, 30 East 33rd Street, 6th Floor, New York, NY 10016. Arbitration shall be conducted in the jurisdiction of the defendant party, in the English language.

18.11 Prevailing Party. In any dispute resolution proceeding between the parties in connection with this Agreement, the prevailing party will be entitled to recover its reasonable attorney's fees and costs in such proceeding from the other party.

18.12 Publicity. Neither party will make any press release or other public disclosure regarding this Agreement or the transactions contemplated hereby without the other party's express prior written consent, except as required under Applicable Laws, by any governmental agency or by the rules of any stock exchange on which the securities of the disclosing party are listed, in which case the party required to make the press release or public disclosure shall use commercially reasonable efforts to obtain the approval of the other party as to the form, nature and extent of the press release or public disclosure prior to issuing the press release or making the public disclosure.

18.13 Right to Dispose and Settle. If Catalent requests in writing from Client direction with respect to disposal of any inventories of Product, Client-supplied Materials, equipment, samples or other items belonging to Client and is unable to obtain a response from Client within a sixty
(60) day period after making reasonable efforts to do so, Catalent shall be entitled in its sole discretion to (A) dispose of all such items and (B) set-off any and all amounts due to Catalent or any of its Affiliates from Client against any credits Client may hold with Catalent or any of its Affiliates.

18.14 Force Majeure. Except as to payments required under this Agreement, neither party shall be liable in damages for, nor shall this Agreement be terminable or cancelable by reason of, any delay or default in such party's performance hereunder if such default or delay is caused by events beyond such party's reasonable control, including acts of God, law or regulation or other action or failure to act of any government or agency thereof, war or insurrection, civil commotion, destruction of production facilities or materials by earthquake, fire, flood or weather, labor disturbances, epidemic or failure of suppliers, vendors, public utilities or common carriers; *provided,* that the party seeking relief under this Section shall immediately notify the other party of such cause(s) beyond such party's reasonable control. The party that may invoke this Section shall use commercially reasonable efforts to reinstate its ongoing obligations to the other party as soon as practicable. If the cause(s) shall continue unabated for seventy-five (75) days, then both parties shall meet to discuss and negotiate in good faith what modifications to this Agreement should result from such cause(s).

18.15 Counterparts. This Agreement may be executed in one or more counterparts, each of which will be deemed an original but all of which together will constitute one and the same instrument. Any photocopy, facsimile or electronic reproduction of the executed Agreement shall constitute an original.

[Signature page follows]

IN **WITNESS WHEREOF.** the parties have caused their respective duly authorized Representatives to execute this Agreement effective as of the Effective Date.

CATALENT PHARMA SOLUTIONS, LLC

AURINIA PHARMACEUTICALS INC.

By: */s/ Aris Gennadios*	By: */s/ Max Donley*
Name: Aris Gennadios	Name; Max Donley
Title: President, Softgel & Oral Technologies	Title: EVP

EXECUTION VERSION

ATTACHMENT A SPECIFICATIONS

I. Client-supplied Materials (and associated specifications)

II. Product Specifications

[The attached draft Specifications are the understanding of the parties as of the Effective Date but are not yet final and approved.]

[Redacted]

Certain identified information has been excluded from this exhibit because it both (i) is not material and (ii) would be competitively harmful if publicly disclosed.

ATTACHMENT B

UNIT PRICING, FEES AND MINIMUM REQUIREMENT

	UNIT PRICING*		
Product	**Unit Strength**	**Batch Size**	**Initial Unit Pricing (Effective through [redacted])**
Voclosporin softgel capsules	7.9mg	**[redacted]** softgels	**[redacted]**

* One unit is **[redacted]** softgel capsules. Unit Pricing does not include cost of API, tooling or other Product-specific capital items, artwork, shipping, insurance or duty. Unit Pricing also does not include any testing, retesting or testing supplies other than as expressly set forth in the Specifications. Unit Pricing is based on certain assumptions as to manufacturing processes, storage conditions, etc. Accordingly, Unit Pricing is subject to adjustment in the event any such assumptions are subject to revision in connection with the validation of the Product.

MINIMUM REQUIREMENT		
Contract [redacted]	**Product**	**Minimum Requirement**
Contract **[redacted]**	7.9 mg Voclosporin softgel capsules	**[redacted]**softgel capsules
Contract **[redacted]**	7.9 mg Voclosporin softgel capsules	**[redacted]**softgel capsules
Contract **[redacted]**	7.9 mg Voclosporin softgel capsules	**[redacted]**softgel capsules
Contract **[redacted]**	7.9 mg Voclosporin softgel capsules	**[redacted]**softgel capsules
Contract **[redacted]**	7.9 mg Voclosporin softgel capsules	**[redacted]**softgel capsules
Contract **[redacted]**	7.9 mg Voclosporin softgel capsules	**[redacted]**softgel capsules
Contract **[redacted]**	7.9 mg Voclosporin softgel capsules	**[redacted]**softgel capsules

ADDITIONAL FEES		
Type of Fee	**Amount**	**Payable**
Product Maintenance Fee	**[redacted]**per Product strength	Annually
[redacted] Fee	**[redacted]**per Product strength	Annually
Storage for Finished Product under Section 6.2	**[redacted]**per pallet per month	Monthly

Certain identified information has been excluded from this exhibit because it both (i) is not material and (ii) would be competitively harmful if publicly disclosed.

Attachment C

Equipment Quotations

"Equipment Qualification for Manufacture of Voclosporin Softgels" **[redacted]** dated January 31, 2018

"**[redacted]** for Storage of Voclosporin API" **[redacted]** dated November 21, 2019

"Installation and Qualification of Charged Aerosol Detector ("CAD") Instrumentation to Support Analytical Testing of Voclosporin" **[redacted]** dated February 7, 2020

Certain identified information has been excluded from this exhibit because it both (i) is not material and (ii) would be competitively harmful if publicly disclosed.

Definitive Settlement Agreement ILJIN - ISOTECHNIKA -

AURINA

This tripartite Settlement agreement is made on April 3 2013 by and among Isotechnika Pharma Inc., incorporated pursuant to the laws of Alberta, Canada and having their principal office at 5120-75th St. Edmonton Alberta, Canada T6ER-6W2, ("ISOTECHNIKA") ILJIN Life Science Co. Ltd., a corporation, with its principal office at ILJIN Building, 50-1 Dowha-Dong, Mapo-Gu, Seoul, Korea ("ILJIN"), and Aurinia Pharmaceuticals Inc., incorporated pursuant to the laws of British Columbia, Canada having their principal office at #1203-4464 Markham St. Victoria, British Columbia Canada V8Z 7X8. ("AURINIA"). Collectively ISOTECHNIKA, ILJIN and AURINIA are referred to as the "Parties"

WHEREAS, ISOTECHNIKA has been developing therapeutic immunomodulating drug candidates and its calcineurin inhibitor drug known as voclosporin has completed a phase 2b study in kidney transplantation and has also completed a Phase 3 study for Psoriasis in Canada and Europe, namely Germany and Poland;

WHEREAS, ILJIN and ISOTECHNIKA have entered into a, Distribution, and License Agreement having an effective Date of January 28 2011 (the "ILJIN- ISOTECHNIKA DDLA") in which ISOTECHNIKA granted an exclusive License to ILJIN to distribute and commercialize voclosporin in the Field, in the Territory (both Field and Territory defined in the DDLA);

WHEREAS, ILJIN has provided a License Back for the Field of Lupus and proteinuric kidney diseases for the Territory (Territory defined in the lsotechnika-Vifor license agreement) of certain rights to ISOTECHNIKA in order for these rights to be licensed to Vifor , specifically for the indications of Lupus and proteinuric kidney diseases (the "ILJIN License Back").

WHEREAS, Vifor subsequently assigned these rights granted from ISOTECHINKA to AURINIA.

WHEREAS, the parties have now decided to make efforts to consolidate the Intellectual property of voclosporin within a single entity, this entity being ISOTECHNIKA.

WHEREAS, ISOTECHNIKA will merge with AURINIA under the terms defined in a separate "MERGER AGREEMENT" and consistent with the binding terms agreed between AURINIA and ISOTECHNIKA dated February 4 2013, a copy of which is attached hereto as Exhibit "A", and ILJIN will return it's DDLA and related license agreements to ISOTECHNIKA and the Parties desire to provide mutual release and execute and deliver any necessary documents pursuant to mutual release all legal claims.

NOW THEREFORE, for and consideration of ISOTECHNIKA consolidating the Intellectual Property the parties hereby agree as follows:

I. Event Sequence:

(a) Immediately prior to, and subject to the completion of the Merger (as defined below) and for consideration provided in paragraph 8, 9, 10, and 11 hereof:

(i) Aurinia shall issue to ILJIN such number of common shares of Aurinia **("Aurinia Shares")** that is equal to 18% of the issued and outstanding Aurinia Shares immediately prior to the Merger; and

(ii) Isotechnika shall transfer to ILJIN all of its right, title and interest in and to all of the Aurinia Shares which it owns, being 751,071 Aurinia Shares, or approximately 10% of the issued and outstanding Aurinia Shares just prior to the share issuance indicated in (a)(i) above,

(collectively, the **"Aurinia Share Transfers");** and

(b) Immediately prior to and subject to the completion of the Merger, Isotechnika shall issue to ILJIN such number of ISA Shares from treasury as is equal to 15% of the issued and outstanding common shares including outstanding warrants of Isotechnika Company (the **"First Isotechnika Share Transfer";**

(c) Contemporaneously with and subject to the completion of the Merger approved by Isotechnika shareholders but after the **First Isotechnika Share Tranfer,** Isotechnika shall issue to ILJIN such number of ISA Shares from treasury **("Second Isotechnika Share Tranfer";** the First Isotechnika Share Transfer and the Second Isotechnika Share Transfer, collectively, the **"Isotechnika Share Transfers"),** such that at the completion of the Merger, ILJIN shall hold **25%** of the issued and outstanding common shares of the Combined Company, on a fully-diluted basis (including the ISA Shares owned by ILJIN prior to the execution of this Definitive Agreement (as defined herein)) but excluding any stock options of Isotechnika issued and outstanding prior to the execution of the Term Sheet dated January 28th, 2013. For the purpose of calculating **25%** on a fully-diluted basis under this paragraph, the entire amount of the Interim Financing secured by Isotechnika prior to or upon the completion of the Merger shall be deemed disbursed and converted into the ISA Shares at the time of such calculation regardless of the actual disbursement date and the type of such funding. For further clarification, the First and Second Isotechnika share transfers shall be issued from ISOTECHNIKA treasury and shall not affect the merger ratio as defined in paragraph (d) below.

(d) Isotechnika will acquire all of the outstanding securities of Aurinia from the holders thereof in consideration for common shares of Isotechnika (the **"ISA Shares")** as a result of which: (a) Aurinia will become a wholly-owned subsidiary of Isotechnika (the **"Merger");** and (b) the shareholders of Aurinia (the **"Aurinia Shareholders")** will become shareholders of Isotechnika . The number of ISA Shares issued in exchange for Aurinia Shares on Effective Date will be • _ISA Share for each • Aurinia Share, such that the shares of Isotechnika following the Merger with Aurinia (the **"Combined Company")** will be owned 35/65 by former shareholders of Aurinia and Isotechnika, respectively, subject to a fairness opinion. The ISA Shares paid and issued to the **Aurinia Shareholders** in consideration of the Aurinia Shares are referred to herein as the **"Consideration".**

This Definitive agreement **("Agreement")** will confirm our understanding of the terms of the transaction ("Transaction") as set out in the Term Sheet dated January 28[1] 2013 and act as the Definitive Agreement between Aurinia, Isotechnika and ILJIN Life Sciences. Upon execution by each of us, this Definitive Agreement will constitute a legally binding agreement between us, enforceable in accordance with its terms, subject to satisfaction (or waiver, if applicable) of the conditions set forth in paragraph 16 below.

II. General Terms

1. **Structure.** The **Merger,** including the Aurinia Share Transfers and the Isotechnika Share Transfers (collectively, the **"ILJIN Share Transfers"),** will be effected by way of plan of arrangement under the *Business Corporations Act* (Alberta), which will provide for, amongst other things, the exchange by the Aurinia Shareholders of their Aurinia Shares for the Consideration. The Parties may consider alternative structures based on tax, securities, corporate laws and other considerations if such structures can be implemented in compliance with applicable laws without undue complexity and expense.

2. Other Aurinia Securities. As of the date of this Agreement, there are 0 unexercised Aurinia options **("Aurinia Options")** and 35,294 Aurinia warrants **("Aurinia Warrants")** outstanding.

3 . **Interim Financing.** As soon as possible following execution of this Agreement, Isotechnika and Aurinia agree to make best efforts to jointly obtain interim financing **("Interim Financing"),** in order to raise sufficient operating funds for Isotechnika through to completion of the Merger.

4 . **Directors and Officers.** Upon completion of the Merger, the Combined Company shall have a board of directors **("Board")** composed of seven directors as follows: (a) two members nominated by ILJIN; (b) two

members nominated by Aurinia; and (c) three members nominated by Isotechnika, these Isotechnika nominees are subject to the 3SBio licensing agreement and
subject to compliance with all applicable laws and the requirements of the Toronto Stock Exchange **("TSX").**

5. **Phase IIB Lupus Study Funding.** Isotechnika and Aurinia agree to, following completion of the Merger, make commercially reasonable best efforts to cause the Combined Company to raise funding of at least US$10 million for the Phase IIB study for voclosporin (the **"Phase IIB Study"),** as described in the Aurinia Clinical Development Plan and Timelines (the **"Aurinia Development Plan")** attached as **Schedule "A"** hereto, in one or more tranches (the **"Phase IIB Funding").** The Parties agree that ILJIN shall have the option to participate, on a pro rata basis, in any or all tranches of Phase IIB Funding, but the Phase IIB study funding is not to exceed $35M in aggregate.

6. **Phase IIB Lupus Study.** The Parties agree that, following completion of the Merger and obtaining the **Phase IIB Lupus Study Funding,** the Combined Company shall advance the Phase IIB Lupus Study in accordance with the Aurinia Development Plan, as approved and modified by the Board, from time to time.

7 . **Phase III Transplant Study Funding.** Isotechnika and Aurinia agree to, following completion of the Merger, make commercially reasonable best efforts to cause the Combined Company to seek a licensing partner that is willing to fund the Phase III Transplant Studies for voclosporin (the **"Phase III Transplant Studies Study"),** as described in the Isotechnika Clinical Development Plan and Timelines (the **"Isotechnika Development Plan")** attached as **Schedule "A2"** hereto..

8 . **Consideration for ILJIN Share Transfers.** Subject to the terms of this Definitive Agreement, upon receipt of the Iljin Share Transfers of Section I (a) through (d) (the **"Effective Date"),** ILJIN shall be deemed to have: (a) return to Isotechnika and terminate:(i) all of its rights, licenses and obligations under the Development, Distribution and License Agreement (the **"ILJIN DDLA");** and (ii) all other licenses or sublicenses between Isotechnika, Aurinia, Vifor (International) AG **("Vifor")** and ILJIN; and (b) suspend all of its current or contemplated legal or financial claims against Vifor, Aurinia and Isotechnika and shall cooperate in executing any necessary documentation (if necessary) of these events in consideration of the completion of the ILJIN Share Transfers and the additional rights and payments provided in paragraph 9, 10 and 11.

9. Future Considerations to ILJIN for IP Consolidation:

(a) the Combined Company shall pay to ILJIN the sum of US$1.6 million (the **"Funding Payment")** upon securing Phase IIB Lupus Funding. If the Phase IIB Lupus Funding is secured in tranches, the Combined Company shall pay ILJIN such amount that is equal to 16% of the aggregate proceeds of each tranche until ILJIN has received an aggregate payment of US$1.6 million, alternatively, the Company may choose, at its sole discretion, to accelerate the Funding Payment to satisfy this obligation at any time;

(b) upon receipt of the Funding Payment: (i) ILJIN shall subscribe for common shares of the Combined Company in the amount of US$0.6 million at the market price of the common shares of the Combined Company in effect at the time of the payment of the final instalment of the Funding Payment, and (ii) ILJIN shall have the option, to subscribe for up to an additional US$1 million common shares of the Combined Company at the market price of the common shares of the Combined Company at the time of the payment of the final instalment of the Funding Payment;

(c) the Combined Company shall pay an additional aggregate amount of US$10 million (collectively, the **"Milestone Payments")** to ILJIN (or its successor or nominee) upon the achievement of certain milestones as follows:

(i) US$2 million upon Phase Ill IND (FDA) opening for LN;

(ii) US$2 million upon NDA approval for LN or other voclosporin indication;

(iii) US$2 million upon the first commercial sale of voclosporin by the Combined Company or its successor or licensee for an approved indication;

(iv) US$2 million upon any licensing deal by the Combined Company or its successor or licensee covering the United States territory on any indication; and

(v) US$2 million upon annual sales by the Combined Company or its successor or licensee of any indication of over US$20 million; and

(d) the Milestone Payments shall be subject to acceleration in the event of: (i) any change of control of the Combined Company, provided that such change of control is a result of a sale or transfer of the Combined Company, or its assets, and not as a result of bona fide financing initiatives of the Combined Company.

10. **Bankruptcy or Other Insolvency Events Prior to Completion of Merger.** In the event of any liquidation, bankruptcy or other insolvency event in respect of Isotechnika prior to completion of the Merger: (a) ILJIN shall be released from its obligations pursuant to paragraph 9, and for greater certainty, the ILJIN DDLA and all rights, licences and obligations thereunder shall not terminate and shall continue in full force and effect, and (b) the Vifor Agreement and all rights, licences and obligations thereunder shall not terminate and shall continue in full force and effect and Aurinia will have 60 days to meet its then current financial obligations contemplated under Milestone 3 of the Vifor Agreement.

11. **Bankruptcy or Other Insolvency Events Following Completion of Merger.** In the event of any liquidation, bankruptcy or other insolvency event in respect of the Combined Company prior to the earlier of: (a) the date that is 12 months from the Effective Date (the **"Anniversary Date");**

or (b) the date that ILJIN receives the entire Funding Payment ($1.6M) (the **"Payment Date")** ILJIN shall be released from its obligations pursuant to paragraph 9, and the ILJIN DDLA and other associated documents or agreements and all rights, licenses and obligations thereunder shall be immediately reinstated. Additionally, the Vifor Agreement and all rights, licenses and obligations thereunder shall not terminate and shall continue in full force and effect and Aurinia will have 60 days to meet its then current financial obligations contemplated under Milestone 3 of the Vifor Agreement.

12. **Mutual Release and Settlement.** The Parties agree that, concurrent with completion of the Merger and the ILJIN Share Transfers, the Parties shall execute and deliver mutual releases **("Releases")** whereupon each Party shall forebear all rights to continue or pursue any legal proceedings arising, to the date of this Agreement, out of the relationships between the Parties insofar as they relate to the ILJIN DDLA, the Vifor Agreement and any related licenses and sublicenses. The Parties acknowledge and agree that the Releases shall be subject to the occurrence of any liquidation, bankruptcy or other insolvency event as set out in paragraph 10 and 11. Should the Parties fail to execute such releases in a timely manner, the Parties shall be deemed to have executed such releases consistent with this section 12.

13. **Return of License Agreements.** The Parties agree that, in the event: (a) that the Merger is not completed; or (b) of any liquidation, bankruptcy or other insolvency event as set out in paragraphs 10 or 11, each of the ILJIN DDLA and/or the Vifor Agreement, as applicable, and all rights, licences and obligations thereunder shall be returned to the applicable Party in good standing in accordance with paragraphs 10 and 11, respectively.

14. **Due Diligence and Access.** If not yet commenced, upon execution of this Agreement, each Party, to the extent it considers it necessary, will promptly commence its due diligence investigation of each of Isotechnika and/or Aurinia, as applicable, this will include but not be limited to 2012 audited financial statements of Isotechnika.

15. **Prohibited Acts.** To the extent permitted by applicable laws, the Parties agree that, until the Payment Date, the following acts by any of Isotechnika, Aurinia, and ILJIN or the Combined Company shall be prohibited without the prior written consent of all parties :

(a) any licensing, modification of any existing license in respect of, or disposition of any of its intellectual property related to, voclosporin other than identifying a licensing partner for the Transplant Phase III Studies as described in paragraph 7;

(b) any sale or disposition of all or any part of its material assets related to voclosporin;

(c) any borrowing of funds in excess of US$100,000, or any mortgage, charge or other encumbrance in respect of the Combined Company's property and/or assets, except the current paladin liability related to the supply of Active Pharmaceutical Ingredient or the Interim Financing:

provided however, that, to the extent that Interim Financing is conditional upon such intellectual property being provided as security, ILJIN will not unreasonably withhold consent to use such intellectual property as security for the purposes of securing the Interim Financing, provided however that the source of the Interim Financing must have agreed release the security upon completion of the Merger.

16. **Conditions.** Completion of the Transaction provided for under this Agreement is subject to fulfillment of the following conditions and such other conditions to be set forth in this Agreement on or before the Effective date of the Transaction, or such other time as specified below:

(a) in respect of either of Isotechnika or Aurinia, no change, including any change that is related to or arises as a result of previously disclosed information, representations or warranties concerning the affairs of either Party, shall have occurred from and after the date hereof and prior to the Effective Date that, individually or in the aggregate, is, or could reasonably be expected to be, material and adverse to the business, condition (financial or otherwise), properties, assets (tangible or intangible), liabilities (whether absolute, accrued, conditional, contingent or otherwise), capitalization, operations, prospects or results of operations of that party and its subsidiaries, taken as a whole, other than any change, event or occurrence:

(i) relating to conditions affecting the biotech industry generally in jurisdictions in which the Party carries on business, including changes in laws or taxes;

(ii) relating to general or economic, financial, currency exchange, or securities market conditions;

(iii) resulting from any matter which was publicly disclosed or which was communicated in writing to the other Parties prior to the date of this Agreement;

(iv) attributable to the announcement or pendency of the Transaction, or otherwise contemplated by or resulting from the terms of this Agreement or the Definitive Agreement,

provided, that such effect referred to in paragraphs (i) and (ii) above does not primarily relate only to (or have the effect of primarily relating only to) that Party and its subsidiaries, taken as a whole, or disproportionately adversely affect that Party and its subsidiaries and material joint ventures taken as a whole, compared to other companies of similar size operating in the industry in which that Party and its subsidiaries operate (a **"Material Adverse Change");**

(b) the results of the due diligence investigation of each Party will be satisfactory to it in all material respects, on or before April 15th, 2013;

(c) Aurinia will have held a meeting of its shareholders to approve the Transaction, or have otherwise obtained their consent in writing to the Transaction by unanimous consent resolution, by not later than April 18th, 2013;

(d) Isotechnika will have held a meeting of its shareholders to approve the Transaction by not later than **July 1,** 2013;

(e) each Party will have obtained, on or before the Effective Date, all necessary consents, waivers, permissions and approvals by or from relevant third parties, on terms and conditions satisfactory to the other Parties, acting reasonably, including without limitation:

(i) the approval of the Isotechnika security holders required in accordance with applicable laws and the requirements of the TSX in respect of the Transaction;

(ii) the approval of the Aurinia Shareholders, required in accordance with applicable laws in respect of the Transaction;

(iii) all applicable regulatory approvals, orders, notices and consents (including, without limitation, those of the TSX; and

(iv) in respect to the Transaction, all applicable orders and approvals of the Supreme Court of Alberta (the **"Court");**

(f) Isotechnika will have received an opinion from its independent financial advisor that the Transaction is fair from a financial point of view to the Isotechnika shareholders, other than ILJIN's, (the **"Fairness Opinion");**

(g) Isotechnika will have received a formal valuation from an independent valuator as required in respect of the Transaction pursuant to Multilateral Instrument 61-101 *Protection of Minority Security Holders in Special Transactions* (the "Valuation");

(h) Isotechnika will secure resignations and releases of all directors of Isotechnika that will not continue with the merged entity.

(i) the representations and warranties made by each Party in this Agreement shall be true and correct in all material respects as of the Effective Date;

(j) the Parties will have complied in all material respects with the covenants made by such party in this Agreement;

(k) a Party shall not be in material breach of its obligations under this Agreement nor shall any such agreements have been terminated; and

(l) all merger agreements and the related agreements made between Aurinia and Isotechnika related to the Transaction shall be satisfactory to ILJIN and shall be consistent with this Agreement In the event that any agreement between Aurinia and Isotechnika is inconsistent with this Agreement, this Agreement shall prevail over such inconsistent agreement.

A Party may waive, in whole or in part, any of the foregoing conditions in its favour at any time on written notice to the other.

17. Representations and Warranties.

(a) Each Party represents and warrants (severally and not jointly) to each of the other Parties that:

(i) this Agreement has been duly executed and delivered by it and constitutes a legal, valid and binding obligation of it, enforceable against it in accordance with its terms, subject to applicable laws of bankruptcy, insolvency, reorganization and other laws of general application limiting the enforcement of creditors' rights generally, and to general principles of equity;

(ii) it is duly incorporated and organized, and validly existing, under the laws of its respective jurisdiction of incorporation, it has all necessary corporate power, authority and capacity

to execute and deliver this Agreement and to perform its covenants and obligations hereunder and it has taken all necessary corporate action to authorize the execution and delivery of this Agreement;

(iii) no proceedings have been taken or authorized by it, or, to its knowledge, by any other person, with respect to its bankruptcy, insolvency, liquidation, dissolution or winding up, or with respect to any amalgamation, merger, consolidation, arrangement or other reorganization of Isotechnika or Aurinia, other than as contemplated by this Agreement; and

(iv) there are no suits, claims, action or other proceedings pending or, to its knowledge, threatened, against it to prevent, or which, if successful, would prevent, the consummation of the Transaction.

(b) Aurinia represents and warrants to each of the other Parties that:

(i) as of the date hereof, there are equivalent to **7,624,346** Aurinia Shares outstanding. This includes the conversion of the Vifor Class A share to corelate to 19.9% of Aurina. Additionally there are currently **35,294** warrants outstanding. Except as otherwise disclosed herein, there are no options, or other rights convertible into Aurinia Shares outstanding and no person has any agreement, right or privilege capable of becoming such for the purchase, subscription, allotment or As of the date hereof, Aurinia does not have in excess of $3,000 of current liabilities. However upon closing of this agreement significant legal costs will be incurred in order to close the merger and proceed with the arrangement.

(ii) the audited financial statements of Aurinia for the year ended • and the unaudited interim financial statements for the period ended • (collectively, the **"Aurinia Financial Statements")** have been prepared in accordance with Canadian generally accepted accounting principles and International Financial Reporting Standards, as the case may be, and are true, correct and complete in all material respects and present fairly the financial condition of Aurinia as at • and ●, respectively. There has been no material change in the financial condition of Aurinia since • other than the changes disclosed in writing.

(iii) the Aurinia Development Plan attached hereto as Schedule "A" is a true and complete copy of the development plan of Aurinia with respect to voclosporin and it is conducting its business in furtherance thereof of and in compliance therewith.

(c) Isotechnika represents and warrants to each of the other Parties that:

(i) As of the date hereof, there are **192,871,249** ISA Shares outstanding and there are no options, warrants or other rights convertible into ISA Shares outstanding and no person has any agreement, right or privilege capable of becoming such for the purchase, subscription, allotment or issued of any of the unissued securities of Isotechnika other than an aggregate of **15,693,667** options and **19,351,388** warrants outstanding.

(ii) The audited financial statements of Isotechnika for the year ended December 31, 2011 and the unaudited interim financial statements for the period ended September 30, 2012 (collectively, the **"Isotechnika Financial Statements")** have been prepared in accordance with Canadian generally acceptedaccounting principles and International Financial Reporting Standards, as the case may be, and are true, correct and complete in all material respects and present fairly the financial condition of Isotechnika as at December 3 I, 2011 and September 30, 2012, respectively. There has been no material change in the financial condition of Isotechnika since September 30, 2012 other than the changes disclosed in writing.

18. **Covenants.** Effective upon closing of this Agreement, except as required by applicable law or as otherwise expressly permitted or specifically contemplated by this Agreement:

(a) ILJIN shall:

(i) suspend all current or contemplated legal claims against Vifor, Aurinia and Isotechnika;

(ii) not take any action, refrain from taking any action, permit any action to be taken or not taken, inconsistent with this Agreement, which might directly or indirectly interfere or affect the consummation of the Transactions contemplated hereby.

(b) Isotechnika shall:

(i) not take any action, refrain from taking any action, permit any action to be taken or not taken, inconsistent with this Agreement, which might directly or indirectly interfere or affect the consummation of the Transactions as contemplated hereby;

(ii) not, without prior written consent of the other Parties, undertake any material change in its capital structure, financial structure or business operations, other than as necessary to complete the Interim Financing;

(iii) until the completion of the Merger, not, without prior written consent of the other Parties, terminate any of its executives or make any severance payments to any of its executives;

(iv) not, provided it has secured sufficient Interim Financing, voluntarily file a petition for bankruptcy, liquidation or any similar proceeding;

(v) promptly provide notice to the other Parties in the event of any bankruptcy, insolvency or similar filing, or any cessation of operations of Isotechnika;

(vi) engage an independent financial advisor to prepare the Fairness Opinion, in accordance with applicable securities laws and the requirements of the TSX;

(vii) diligently proceed with the calling of the meeting of the Isotechnika shareholders and preparation of the information circular and other meeting materials (the **"Meeting Materials")** in accordance with the requirements of applicable laws, the requirements of the TSX and the terms of this Letter Agreement;

(c) Aurinia shall:

(i) not take any action, refrain from taking any action, permit any action to be taken or not taken, inconsistent with this Agreement, which might directly or indirectly interfere or affect the consummation of the Transaction;

(ii) not, without prior written consent of the other Parties, undergo any material change in capital structure or business operations;

(iii) use its best efforts to diligently proceed with the Phase IIB Study, as permitted by its financial resources, in accordance with the Aurinia Development Plan.

(d) All Parties shall:

(i) in the event any Party requests to modify the structure of the Transaction in order to effectively deal with tax implications, use their reasonable best efforts to accommodate such request;

(ii) cooperate in the preparation of the Meeting Materials and provide to Isotechnika and its counsel and advisors such information as is required by applicable laws and the requirements of the TSX to be included in the Meeting Materials; and

(iii) vote any ISA Shares or Aurinia Shares, as applicable, controlled by the respective Party in favour of the Transaction, to the extent permitted by applicable law.

19. **Disclosure; Securities Laws.** The Parties agree that Isotechnika shall issue press releases with respect to the Transaction only after consultation with the other Parties as to the timing and content of such release(s), provided however, that the foregoing shall be subject to Isotechnika's overriding obligation to make any disclosures or filings required under applicable laws. To the extent possible and permitted by law, Isotechnika shall provide each of ILJIN and Aurinia drafts of any proposed press release or other disclosure for review prior to the issuance and/or filing of such release or disclosure document and shall provide ILTTN and Aurinia a reasonable period of time to complete such review. lsotechnika shall incorporate the reasonable comments of ILJIN and Aurinia provided on such draft press release or other disclosure documents. No Party shall otherwise disclose the terms of the Transaction, except to their respective affiliates, directors, officers, employees (including directors, officers and employees of affiliates), counsel and other advisors who have a need to know and agree to maintain such confidentiality, subject in each case to applicable disclosure obligations under applicable law and the requirements of the TSX.

20. **Confidentiality.** The Parties acknowledge that each will be providing to the other information that is non-public, confidential and proprietary in nature. Except as may be required by the TSX or by any rule, regulation or law of any kind whatsoever which is applicable to a Party, while this Agreement is in effect and for a period of one (1) year thereafter, each of the Parties agrees to keep such information confidential and will not, except as otherwise provided herein, disclose such information or use such information for any purpose other than for the evaluation and completion of the Transaction. This paragraph 20,V,. will not apply to information that: (a) becomes generally available to the public absent any breach of this paragraph 20; (b) was available on a non-confidential basis to a Party prior to its disclosure pursuant to this Agreement; or (iii) becomes available on a non-confidential basis from \;7ird party who is not bound to keep such information confidential. /

21. **Termination:** This Agreement may be terminated;

(a) by mutual written consent of the Parties;

(b) by any Party if:

(i) any other Party has breached or is in default of any material term of this Letter Agreement and fails to cure or remedy such breach or default within 14 days after receiving written notice thereof from another Party; or

(ii) any of the conditions set forth in paragraph 16 for the benefit to the terminating Party is not satisfied or waived, provided the failure to satisfy any such condition was not caused by, or the result of any action or inaction by, such terminating Party;

In the event of the termination of this Agreement in the circumstances set out in this paragraph 21, this Agreement shall forthwith become void and none of the Parties shall have any liability or further obligation to the other Parties hereunder except with respect to the obligations
set forth in paragraphs 19, 20, 24, 25, 26, 27, 28 and this paragraph 21 which shall survive such termination.

22. **Exclusivity.** From the date hereof until the termination of this Agreement in accordance with paragraph 21 (the **"Exclusivity Period"),** Isotechnika agrees to deal exclusively with Aurinia and ILJIN in regard to the Merger and Transaction or any transaction similar to the Merger and Transaction contemplated by this Agreement. During the Exclusivity Period, none of Isotechnika, Aurinia nor any of their respective affiliates, officers, directors, employees, agents, professional advisors or other representatives will, directly or indirectly, without the prior written consent of each of the other Parties, each in its sole discretion: (a) solicit, initiate, encourage or facilitate enquiries or submissions of proposals from, or enter into or participate in any discussion or negotiation with, any person other than the other Parties relating to the acquisition of any shares or any material portion of the assets of Isotechnika, Aurinia or any of their respective subsidiaries; (b) furnish any information to any person other than the other Parties in furtherance of any of the foregoing; or (c) otherwise cooperate in any manner with, or assist or participate in, or encourage any effort or attempt by any person to do or seek to do any of the foregoing. If any such action or undertaking is currently being performed or undertaken, Isotechnika and Aurinia shall respectively terminate such action or undertaking promptly upon signing this Agreement.

23. **Closing Date.** The Parties shall use their best efforts to complete the Merger as soon as reasonably practicable following the receipt of all applicable shareholder and Court approvals but in any event by no later than July30, 2013 (the **"Closing Deadline").** For greater certainty, in the event that the Transaction has not been completed by the Closing Deadline and the Parties have not otherwise agreed to extend the Closing Deadline, each of the Parties shall be entitled to terminate its obligations hereunder other than any obligations which the Parties may have pursuant paragraphs 199, 20,24 21, 25, 26, 27, 28 and 28.

2 4 . **Disputes.** Any disputes, controversies or differences arising between the Parties hereto out of or in connection with this Agreement and/or any breach hereof which cannot be amicably settled between the Parties shall be finally settled by arbitration in accordance with the Rules of Arbitration of the International Chamber of Commerce in the manner described in paragraph 25.

25. Jurisdiction, Disputes and Arbitration.

(a) If a Party intends to begin arbitration to resolve a dispute arising under this Agreement, such Party shall provide written notice (the **"Arbitration Request")** to the other Parties of such intention and the issues for resolution.

(b) The arbitration shall be held in Honolulu, Hawaii, United States of America, using three (3) independent arbitrators . The entire proceedings and all written material shall be in English. ILJIN and the Combined Company shall select one independent arbitrator within 20 days of the Arbitration Request and both arbitrators shall agree on the third arbitrator within 30 days. All arbitrators shall be fluent in both spoken and written English.

(c) The arbitrators may award any remedy allowed by law, excluding punitive damages. Promptly after rendering a decision, the arbitrators shall issue to all Parties a written opinion of the findings of fact and conclusions of law. The decision of the arbitrators shall be binding upon the Parties without the right of appeal. Any Party may enter a judgment upon the decision rendered by the arbitrators in any court having jurisdiction thereof.

26. **Expenses.** Each Party shall pay its own respective costs and expenses (including all legal, accounting and advisory fees and expenses) in connection with this Agreement and the Transaction, whether or not the Transaction is consummated.

27. Miscellaneous Provisions.

(a) This Agreement will be governed by the laws of the Province of Alberta and the laws of Canada applicable therein.

(b) This Agreement embodies the entire agreement and understanding of the parties and supersedes all prior agreements or understandings with respect to the Transaction contemplated in this Agreement.

(c) Time is of the essence in all respects of this Agreement.

(d) This Agreement may only be amended by the written agreement of the Parties hereto.

(e) This Agreement shall be binding upon and shall enure to the benefit of the Parties hereto and their respective successors and permitted assigns.

(f) Any waiver or release of any of the provisions of this Agreement, to be effective, must be in writing and executed by the Party hereto granting such waiver or right.

(g) Each Party will make, do and execute, or cause to be made, done and executed, all such further acts, deeds, agreements, transfers, assurances, instruments or documents as may be reasonably required in order to implement this Agreement and the transactions contemplated herein.

28. **Notice.** Any notice or other communication required or contemplated under this Agreement to be given by one party to the other shall be delivered, faxed or mailed by prepaid registered post to the party to receive same at the undemoted address, namely:

If to Aurinia:

Aurinia Pharmaceuticals Inc. #1203-4464 Markham St.
Victoria, British Columbia, Canada V8Z 7X8

Attention : Chief Executive Officer
Fax Number: 250-744-2498

If to Isotechnika:

Isotechnika Pharma Inc.
5120 - 75tl' Street
Edmonton, Alberta T6E 6W2

Attention: Chief Executive Officer
Fax Number: 780.484.4105

If to ILJIN:

ILJIN Life Science Co., Ltd. ILJIN Building, 50-1 Dowha-Dong Mapo-Gu, Seoul, Korea

Attention: Chief Executive Officer
Fax Number: 82-2-707-9160

Any notice delivered or faxed shall be deemed to have been given and received on the business day next following the date of delivery or faxing, as the case may be. Any notice mailed as aforesaid shall be deemed to have been given and received on the third business day following the date it is posted, provided that if between the time of mailing and actual receipt of the notice there shall be a mail strike, slow-down or other labour dispute which might affect delivery of the notice by mail, then the notice shall be effective only if actually delivered.

29. **Severability.** Each provision of this Agreement is distinct and severable. If any provision of this Agreement, in whole or in part, is or becomes illegal, invalid, void, voidable, or unenforceable in any jurisdiction by any court of competent jurisdiction, the illegality, invalidity or unenforceability of that provision, in whole or in part, will not affect: (a) the legality, validity or enforceability of the remaining provisions of this Agreement, in whole or in part; or (b) the legality, validity or enforceability of that provision, in whole or in part, in any other jurisdiction

30. **TSX** This Agreement and the transactions contemplated herein are subject to the approval of the TSX.

31. **Counterparts, Execution.** This Agreement may be executed and delivered by the parties in one or more counterparts, each of which will be an original, and each of which may be delivered by facsimile, e-mail or other functionally equivalent electronic means of transmission, and those counterparts will together constitute one and the same instrument

This Agreement reflects accurately the Parties' understanding with respect to the matters set out above. Confirmed this 3rd day of April,

2013.

ILJIN LIFE SCIENCE CO., LTD.

Per:
Name: Daniel Park
Title: Executive Vice President

ISOTECHNIKA PHARMA INC.

Per:
Name: Robert Foster
Title: President and Chief Executive Officer

AURINIA PHARMACEUTICALS INC.

Per:
Name: Michael Martin
Title: Chief Executive Officer

EXECUTIVE EMPLOYMENT AGREEMENT

AURINIA PHARMA U.S., INC.

PRIVATE AND CONFIDENTIAL **April 11, 2019**

Peter Greenleaf
[redacted]

Dear Peter:

Re: Terms of Employment with Aurinia Pharma U.S., Inc.

This Agreement confirms the terms and conditions of your employment by Aurinia Pharma U.S., Inc. (the "***Corporation***"), a Delaware corporation and a wholly-owned subsidiary of Aurinia Pharmaceuticals Inc., a corporation under the laws of the Province of Alberta ("***Parent***"), and will constitute your employment agreement. The terms and conditions of your employment are set out below:

1. **Position and Duties.** You will be employed by the Corporation and will serve as the Chief Executive Officer, having the duties and functions customarily performed by, and have all responsibilities customary to, such position in a corporation engaged in a business similar to that of the Corporation. You will also be the Chief Executive Officer of Parent. You will report directly to the Board of Directors of Parent (the "***Board***"), and you will also serve as a member of the Board. In the event your employment as Chief Executive Officer of the Corporation and the Parent is terminated or you resign, in either case for any reason, you hereby agree to immediately tender your resignation as a member of the Board of Directors.

2. **Term.** The terms and conditions of this Agreement shall have effect as of and from the date your employment commences (currently expected to be on or about April 29, 2019) (the "***Effective Date***") and your employment shall continue until terminated as provided in this Agreement.

3. **Base Salary.** The Corporation shall pay you a base salary at the rate of USD $650,000 per year (the "***Base Salary***"), payable semi-monthly, subject to the withholding of all applicable deductions from such Base Salary in respect of the Base Salary and including any taxable benefits received under this Agreement or in respect of your employment. As a managerial employee of the Corporation, you are not entitled to overtime pay.

4. **Annual Review.** The Board or the compensation committee of the Board (the "***Compensation Committee***") shall review your Base Salary annually. This review shall not result in a decrease of your Base Salary, but it shall not necessarily result in an increase in your Base Salary. Any increase in your Base Salary shall be in the sole discretion of the Board.

5. **Signing Bonus.** If the Effective Date occurs within 30 days or less of signing this Agreement, then the Corporation will pay to you a onetime cash signing bonus in the amount of USD $250,000, less applicable deductions and withholdings, on or about the Effective Date (the "***Signing Bonus***").

   If you terminate your employment with the Corporation, or you are terminated for cause by the Corporation, within the first 12 months of the Effective Date, then you will repay to the Corporation the Signing Bonus, and the amount of the Signing Bonus will become a debt payable by you to the Corporation (**"*Signing Bonus Debt"***). You authorize the Corporation to deduct the Signing Bonus Debt, or a portion of the Signing Bonus Debt, from your final pay. The Corporation may request that you sign a written authorization to this effect. If the Corporation is unable to deduct the entirety of the Signing Bonus Debt from your final pay, as described above, the Corporation will invoice you for the outstanding amount of the Signing Bonus Debt, and you will pay the invoice within 60 days of the date that the Corporation provides you with the invoice. In the event that you fail to repay the Signing Bonus Debt as required by this Section 5, you agree to pay all collection costs and expenses incurred by the Corporation, including reasonable legal fees and costs, whether or not a suit has been filed for collection (in addition to your continuing obligation to repay the Signing Bonus Debt).

6. **Performance Bonus.** Parent shall review the performance of your duties and functions annually, and you shall be eligible to receive a cash bonus with a target payment of 70% of your Base Salary based on achieving certain corporate objectives set by the Board in consultation with you. Any such performance bonus in relation to the 2019 fiscal year will be prorated based on completed months of service during the 2019 fiscal year. Parent, in its sole discretion, will determine if you and Parent have met the established performance objectives within a reasonable time following the end of each fiscal year. Subject to Section 16 (Termination by the Corporation Without Cause), performance bonuses will be deemed earned following such determination by Parent and you must remain employed as of the date of such determination and as of the date of payment in order to earn a performance bonus. For greater certainty, payment of any severance pursuant to Section 16 (Termination by the Corporation Without Cause), or any period of notice of termination that is given or ought to have been given under this Agreement in respect of termination of employment, will not be considered as extending the period of your employment with respect to your eligibility to receive the performance bonuses.

   Any performance bonus payments shall be made not later than March 15 following the end of the fiscal year for which they are earned, subject to the withholding of all applicable deductions by the Corporation.

   The Corporation reserves the right to introduce, administer, amend and/or delete bonus plans and to amend performance objectives in its sole discretion at any time, and such changes will not constitute a breach of the terms of employment.

7. **Benefits.** The Corporation will arrange for you and your family to be provided with health, medical, dental, accident and life insurance and such other benefits as are

reasonable and appropriate for an executive level benefits plan, as determined by the Board from time to time, based on the recommendations of the Compensation Committee (if established). You may be required to provide information and undergo reasonable assessments of the insurers in order to determine your eligibility for benefits coverage. Please note that coverage under any benefit plan in effect from time to time is subject to availability and other requirements of the applicable insurer and that the components of the benefits plan may be amended, modified or terminated from time to time by the Corporation in its sole discretion, and that this may include terminating or changing carriers, and such changes will not constitute a breach of the terms of employment.

8. **Vacation.** During your employment with the Corporation under this Agreement, you will be entitled to an annual paid vacation as determined by the Corporation from time to time, of 30 days per annum, in addition to holidays in the United States recognized by the Corporation. The Corporation reserves the right, acting reasonably, to request that vacations be scheduled so as not to conflict with critical business operations. Vacation time should be taken in the year in which you are entitled to it, and cannot be carried forward beyond June 30th of the subsequent year.

9. **Reimbursement for Expenses.** During your employment under this Agreement, the Corporation shall reimburse you for reasonable travelling and other expenses actually and properly incurred by you in connection with the performance of your duties and functions, such reimbursement to be made in accordance with, and subject to, the policies of the Corporation from time to time. For all such expenses you will be required to keep proper accounts and to furnish statements, vouchers, invoices and/or other supporting documents to the Corporation.

10. **Stock Options.** Subject to approval by the Board and in compliance with Parent's insider trading and blackout policies, you will be granted initial stock option pursuant to the Parent's Stock Option Plan (the "***Initial Grant***"). The Initial Grant will be for 1,600,000 shares and will be granted on the date that the Parent is first able to issue options pursuant to its Insider Trading Policy (such date being the "***Grant Date***") following the commencement of your employment. The Initial Grant will have an exercise price equal to the closing price of Parent's common shares as reported on the Toronto Stock Exchange on the Grant Date, will have a term of ten (10) years, and will be subject to the terms of the stock option agreement as approved by the Board setting forth vesting conditions and other restrictions. Provided you remain employed by the Corporation, one fourth (25%) of the Initial Grant will vest on the date that is one year from the Effective Date, and the remainder of the Initial Grant will vest in equal monthly installments of 1/36th per month thereafter over the next thirty-six (36) months for so long as you remain employed by the Corporation through each such vesting date, such that the Initial Grant will be fully vested on the fourth year anniversary of the Grant Date, provided you remain employed by the Corporation at that time. Any additional stock options or other equity-based awards granted to you will be upon such terms as the Board or the Compensation Committee may determine in its discretion, as the case may be. For

greater certainty, it is not intended that any future option grants would be pro rated based on the term of commencement of your employment.

For greater certainty, in the event of a Change in Control (as defined in the Parent's Stock Option Plan) or a Take Over Bid (as defined in the Parent's Stock Option Plan), the Parent will ensure that all of your stock options will automatically vest in accordance with the terms of the Parent's Stock Option Plan in effect as of the date of this Agreement.

11. **Working in Canada and Canadian Taxes.**

(a) The Corporation will cooperate and assist you in taking all reasonable steps to seek, obtain, and maintain a valid work permit for Canada to provide services on behalf of the Corporation and Parent. The Corporation shall pay the reasonable costs associated you obtaining a permit to work in Canada;

(b) As you may be subject to income tax and other statutory withholding obligations arising from services you perform in Canada on behalf of the Corporation or Parent, the Corporation is prepared to address the overall tax and other statutory withholding burden that you experience with the intention that your total tax and other statutory withholding burden while working in both the United States and Canada will be equal to what your tax and other statutory withholding burden would have been had he remained working solely in Maryland. The Corporation will provide you with tax equalization in connection with all income tax and other statutory withholding liabilities arising from the performance of his employment duties within Canada. The Corporation intends that the income taxes and other statutory withholding levies payable by you on all taxable employment income and related benefits, as prescribed by the applicable tax and other statutory withholding laws, should be no better or worse than the personal taxes and other statutory withholding levies you would have been required to pay on such amounts if your employment duties had been performed solely in the state of Maryland. Where your annual tax and other statutory withholding obligation yields a higher total obligation than if your employment duties were solely performed in the state of Maryland, the Corporation will reimburse you for the difference. Where your annual tax and other statutory withholding obligations yields a lower total tax and other statutory withholding impact than if your employment duties were solely performed in the state of Maryland, you will reimburse the Company for the difference. For the avoidance of doubt, any tax equalization payments made under this Section 11(b) shall not be subject to further tax equalization for any taxes incurred by you in connection therewith.

(c) You shall provide the Corporation all information necessary for the preparation of a tax equalization calculation.

(d) The Corporation shall either retain an appropriate tax advisor or pay all reasonable costs and professional fees related to calculating this equalization

payment as well as all reasonable costs and fees associated with your filing tax returns in Canada or any of its provinces, and reserves the discretion to establish the process and criteria for determining the tax equalization calculation. For clarity, the tax equalization payments described in this Section 11(b) to (f) will not take into consideration or apply to any taxable income from sources other than your employment with the Corporation, and you will remain responsible for all income taxes arising from your personal income.

(e) If you establish your primary residence in Canada, the Corporation's obligations under this Section 11(b) to (f) shall cease, provided that there shall be a pro-rated adjustment for any partial year.

(f) If your employment is terminated for any reason other than for Cause, then between January 1 and July 31 of the calendar year following the calendar year in which such termination occurs, the Corporation shall pay you any remaining tax equalization payments owed in accordance with this Section 11(b) to (f) or, in the event that the reconciliation results in you owing money to the Company, you shall make such payment to the Company.

12. **Compliance with Insider Trading Guidelines and Restrictions.** As a result of your position, as Parent is a public company, you are subject to insider trading regulations and restrictions and are required to file insider reports disclosing the grant of any options as well as the purchase and sale of any shares in the capital of Parent. Parent may from time to time publish trading guidelines and restrictions for its employees, officers and directors as are considered by the Board, in its discretion, prudent and necessary for a publicly listed company. It is a term of your employment of the Corporation that you comply with such guidelines and restrictions.

13. **Location.** You will be required to perform your duties and functions for the Corporation at the Corporation's office located in Bethesda, MD, with travel for various business purposes, including but not limited to travel for meetings at the Parent's other offices from time to time. The Corporation recognizes that your current residence is in the vicinity of **[redacted]** and that you intend to spend the majority of your time working out of the Corporation's Bethesda, MD office. You agree to schedule work in Bethesda, MD when it is not inconvenient for the Corporation and does not interfere with the performance of your duties as Chief Executive Officer.

14. **Service to Employer.** During your employment under this Agreement you will:

(a) perform your duties to the Corporation in good faith;

(b) act in and promote the best interests of the Corporation;

(c) apply your skill and experience to the performance of your duties and responsibilities and devote substantially the whole of your working time, attention and energies to the business and affairs of the Corporation;

(d) comply with all lawful policies and procedures put in place by the Corporation from time to time; and

(e) not without the prior approval of the Board, carry on or be engaged in any other business or occupation or become a director, officer, employee or agent of or hold any position or office with any other corporation, firm or person, except as a volunteer for a non-profit organization or in respect of civic or community activities, provided that such activities do not materially interfere with the performance of your duties under this Agreement.

15. **At-Will Employment.** Under the laws of the State of Maryland, your employment with the Corporation will be "at-will" employment and you may be terminated at any time with or without cause or notice. You understand and agree that neither your job performance nor promotions, commendations, bonuses or the like from the Corporation give rise to or in any way serve as the basis for modification, amendment, or extension, by implication or otherwise, of your employment with the Corporation. However, as described in this Agreement, you may be entitled to severance benefits depending on the circumstances of your termination of employment with the Corporation.

If, however, your employment is subject to the laws of a jurisdiction that has statutorily mandated minimum requirements in relation to notice of termination of employment (such as, for example, the British Columbia *Employment Standards Act*), and a greater entitlement is provided under such legislation than the severance benefits described in this Agreement, then that greater entitlement shall prevail and your entitlements shall be increased only to the extent necessary to satisfy such greater entitlement. In no circumstances will you be provided with less than your minimum entitlements under applicable employment standards legislation.

16. Termination by the Corporation Without Cause.

(a) If the Corporation terminates your employment without Cause (as defined below), then the Corporation shall pay you severance payments as described in this Section 16, subject to receipt by the Corporation of an effective release of claims by you in form substantially similar to that attached as **Schedule A** (other than minimum entitlements required by applicable legislation, if any). In no event will severance payments or termination benefits be paid or provided until such release becomes effective and irrevocable (other than minimum entitlements required by applicable legislation, if any).

(b) You will receive continuing payments of severance pay on the Corporation's regular payroll dates for a period equal to twelve (12) months, plus one additional month for each full year of employment, up to a maximum of eighteen (18) months in aggregate, equal to your then current Base Salary as set out in Section 3 (Base Salary) and as adjusted from time to time in accordance with Section 4 (Annual Review) (such period of time is the "***Severance Period***"). Minimum entitlements required by applicable legislation, if any, will be paid as a lump sum.

(c) The Corporation will determine in its sole discretion which personal and corporate objectives have been accomplished in part or in full pursuant to Section 6 (Performance Bonus) through the date of termination. Based on the objectives that have been accomplished in part or in full through your final day of employment, you will be eligible to receive a lump sum payment of a full or partial performance bonus, to be paid not later than the earlier of (i) March 15 of the applicable following year or (ii) the date that performance bonuses are otherwise paid to Parent's executive officers for such year.

(d) To the extent permitted by law and subject to the terms and conditions of any benefit plans in effect from time to time, the Corporation shall maintain the benefits and payments set out in Section 7 (Benefits) of this Agreement (the "***Maintenance Payments***") during the Severance Period. The Corporation may, at its option, satisfy any requirement that the Corporation provide coverage under any benefit plan by (i) reimbursing your premiums under Title X of the Consolidated Budget Reconciliation Act of 1985, as amended ("***COBRA***") after you have properly elected continuation coverage under COBRA (in which case you will be solely responsible for electing such coverage for your eligible dependents), or (ii) providing the cash equivalent of such benefit as would have been provided during the Severance Period or a payment equivalent to the premium cost of such coverage during the Severance Period; or (iii) providing coverage under a separate plan or plans providing coverage that is no less favorable to you than the terms of the plans in effect on your termination date. If the cash equivalent or premium cost is provided, such cash equivalent shall be paid in a lump in cash within 60 days following the date of termination of your employment, less applicable withholdings and deductions.

(e) Notwithstanding Section 16(d), if you obtain a new source of remuneration for personal services, whether through new employment, a contract for you to provide consulting or other personal services, or any position analogous to any of the foregoing, the Maintenance Payments shall terminate 9 months from the date of termination of your employment, or earlier, if required by applicable law.

(f) Any options forming part of the Initial Grant that are unvested as of the termination date, but would have vested during the Severance Period shall automatically and immediately vest upon such termination.

(g) In addition, the Corporation will arrange for you to be provided with such outplacement career counselling services as are reasonable and appropriate, to assist you in seeking new executive level employment.

(h) You shall not be required to mitigate the amount of any payment provided for in this Section 16 by seeking other employment or otherwise, nor will any sums actually received reduce the severance payments.

17. Termination by the Corporation for Cause. Notwithstanding Section 16 (Termination by the Corporation Without Cause) or Section 18 (Termination Following Change in Control), the Corporation may terminate your employment as Chief Executive Officer for Cause at any time without any notice or severance. In this Agreement, "**Cause**" shall include, but not be limited to, the following:

    (a) the commission of theft, embezzlement, fraud, obtaining funds or property under false pretences or similar acts of misconduct with respect to the property of the Corporation or its employees or the Corporation's customers or suppliers;

    (b) your entering of a guilty plea or conviction for any crime involving fraud, misrepresentation or breach of trust, or for any serious criminal offence that impacts adversely on the Corporation;

    (c) willful misconduct or gross negligence in performance of your duties hereunder, including your refusal to comply in any material respect with the legal directives of the Board so long as such directives are not inconsistent with your position and duties or inconsistent with any other legal obligation or requirement, and such refusal to comply is not remedied within ten (10) working days after written notice from the Board, which written notice shall state that failure to remedy such conduct may result in termination for Cause; or

    (d) your material breach of any element of this Agreement, which breach (if determined in good faith by the Corporation or the Board to be curable) is not remedied within ten (10) working days after written notice from the Corporation or the Board, which written notice shall state that failure to remedy such conduct may result in termination for Cause.

    any of which shall entitle the Corporation to terminate your employment under this Section 17.

18. **Termination Following Change in Control of Parent.** Concurrently with execution and delivery of this Agreement, you and Parent shall enter into a "Change in Control Agreement" in the form attached hereto as **Schedule B** setting out the compensation provisions to be applicable in the event of the termination of your employment with the Corporation in certain circumstances following a "Change in Control" of Parent (as defined in the Change in Control Agreement).

19. **No Additional Compensation upon Termination .** It is agreed that neither you nor the Corporation shall, as a result of the termination of your employment, be entitled to any notice, fee, salary, bonus, severance or other payments, benefits or damages arising by virtue of, or in any way relating to, your employment or any other relationship with the Corporation (including termination of such employment or relationship) in excess of what is specified or provided for in Section 16 (Termination by the Corporation Without Cause) or Section 18 (Termination Following Change in Control), whichever is applicable, except pursuant to the terms of benefit plans under which you have accrued,

earned and are due a benefit, pursuant to outstanding equity awards, rights as stockholder or indemnification rights. For the avoidance of doubt, in the event of the termination of your employment you may be entitled to either the benefits set forth in Section 16 of this Agreement or the Change in Control Agreement, but not both. Payment of any amount whatsoever pursuant to Section 16 (Termination by the Corporation Without Cause) or Section 18 (Termination Following Change in Control of Parent) shall be subject to the withholding of all applicable deductions by the Corporation.

20. Section 409A.

1. Notwithstanding anything to the contrary in this Agreement, no severance pay or benefits to be paid or provided to you, if any, pursuant to this Agreement that, when considered together with any other severance payments or separation benefits, are considered deferred compensation under Internal Revenue Code of 1986, as amended (the "***Code***"), Section 409A, and the final regulations and any guidance promulgated thereunder ("***Section 409A***") (together, the "***Deferred Payments***") will be paid or otherwise provided until you have a "separation from service" within the meaning of Section 409A. Each payment and benefit payable under this Agreement is intended to constitute a separate payment for purposes of Section 1.409A-2(b)(2) of the Treasury Regulations.

2. Any severance payments or benefits under this Agreement that would be considered Deferred Payments will be paid on, or, in the case of installments, will not commence until, the sixtieth (60^{th}) day following your separation from service, or, if later, such time as required by Section 20 (c). Except as required by Section 20(c), any installment payments that would have been made to you during the sixty (60) day period immediately following your separation from service but for the preceding sentence will be paid to you on the sixtieth (60^{th}) day following your separation from service and the remaining payments shall be made as provided in this Agreement**.**

3. Notwithstanding anything to the contrary in this Agreement, if you are a "specified employee" within the meaning of Section 409A at the time of your termination (other than due to death), to the extent delayed commencement of any portion of the Deferred Payments to which you are entitled under this Agreement is required in order to avoid a prohibited distribution under Section 409A(a)(2)(B)(i) of the Code, then the Deferred Payments that are payable within the first six (6) months following your separation from service, will become payable on the first payroll date that occurs on or after the date six (6) months and one (1) day following the date of your separation from service. All subsequent Deferred Payments, if any, will be payable in accordance with the payment schedule applicable to each payment or benefit. Notwithstanding anything herein to the contrary, if your die following your separation from service, but prior to the six (6) month anniversary of the separation from service, then any payments delayed in accordance with this paragraph will be payable in a lump sum as soon

as administratively practicable after the date of your death and all other Deferred Payments will be payable in accordance with the payment schedule applicable to each payment or benefit.

4. Any amount paid under this Agreement that satisfies the requirements of the "short-term deferral" rule set forth in Section 1.409A-1(b)(4) of the Treasury Regulations will not constitute Deferred Payments for purposes of clause (a) above.

5. Any amount paid under this Agreement that qualifies as a payment made as a result of an involuntary separation from service pursuant to Section 1.409A-1(b)(9)(iii) of the Treasury Regulations that does not exceed the Section 409A Limit (as defined below) will not constitute Deferred Payments for purposes of clause (a) above.

6. The foregoing provisions are intended to comply with the requirements of Section 409A so that none of the severance payments and benefits to be provided hereunder will be subject to the additional tax imposed under Section 409A, and any ambiguities herein will be interpreted to so comply. The Corporation and you agree to work together in good faith to consider amendments to this Agreement and to take such reasonable actions which are necessary, appropriate or desirable to avoid imposition of any additional tax or income recognition prior to actual payment to you under Section 409A.

7. For purposes of this Agreement, "**Section 409A Limit**" will mean two (2) times the lesser of: (i) your annualized compensation based upon the annual rate of pay paid to you during your taxable year preceding the taxable year of your separation from service as determined under Treasury Regulation Section 1.409A-1(b)(9)(iii)(A)(1) and any Internal Revenue Service guidance issued with respect thereto; or (ii) the maximum amount that may be taken into account under a qualified plan pursuant to Section 401(a)(17) of the Internal Revenue Code for the year in which your separation from service occurred.

21. **Limitation on Payments.** In the event that the severance and other benefits provided for in this Agreement or otherwise payable to you (i) constitute "parachute payments" within the meaning of Section 280G of the Code and (ii) but for this Section 20, would be subject to the excise tax imposed by Section 4999 of the Code, then your severance benefits will be either:

i. delivered in full, or

ii. delivered as to such lesser extent which would result in no portion of such severance benefits being subject to the excise tax under Section 4999 of the Code,

whichever of the foregoing amounts, taking into account the applicable federal, state and local income taxes and the excise tax imposed by Section 4999, results in the receipt by

you on an after-tax basis, of the greatest amount of severance benefits, notwithstanding that all or some portion of such severance benefits may be taxable under Section 4999 of the Code. If a reduction in the severance and other benefits constituting "parachute payments" is necessary so that no portion of such severance benefits is subject to the excise tax under Section 4999 of the Code, the reduction shall occur on a non-discretionary basis in such a way as to minimize the reduction in the economic value deliverable to you. Where one payment or benefit has the same value for this purpose and they are payable at different times, they will be reduced on a pro rata basis. If, as a result of subsequent events or conditions, it is determined that payments have been reduced by more than the minimum amount required, then an additional payment shall be made to you in an amount equal to the excess reduction within 60 days of the date on which the amount of the excess reduction is determined, but not later than December 31 of the year in which the excess reduction is determined. In the event that acceleration of vesting of equity award compensation is to be reduced, such acceleration of vesting shall be cancelled in the reverse order of the date of grant of your equity awards.

Unless the Corporation and you otherwise agree in writing, any determination required under this Section 21 will be made in writing by an independent firm immediately prior to the Change in Control (the "***Firm***"), whose determination will be conclusive and binding upon you and the Corporation for all purposes. For purposes of making the calculations required by this Section 21, the Firm may make reasonable assumptions and approximations concerning applicable taxes and may rely on reasonable, good faith interpretations concerning the application of Sections 280G and 4999 of the Code. The Corporation and you will furnish to the Firm such information and documents as the Firm may reasonably request in order to make a determination under this Section 21. The Corporation will bear all costs the Firm may reasonably incur in connection with any calculations contemplated by this Section 21.

22. **Confidentiality and Assignment of Inventions.** Concurrently with execution and delivery of this Agreement and in consideration of your employment by the Corporation, you and the Corporation will enter into a "Confidentiality Agreement and Assignment of Inventions" in the form attached hereto as **Schedule C**.

23. **Disclosure of Conflicts of Interest.** During your employment with the Corporation, you will promptly and fully disclose to the Corporation in writing:

(a) the nature and extent of any interest you or your Associates (as hereinafter defined) have or may have, directly or indirectly, in any contract or transaction or proposed contract or transaction with the Parent, the Corporation or any other subsidiary, affiliate or successor of the Parent or the Corporation;

(b) every office you may hold or acquire, and every property you or your Associates may possess or acquire, whereby directly or indirectly a duty or interest might be created in conflict with the interests of the Corporation or the Parent or your duties and obligations under this Agreement; and

(c) the nature and extent of any conflict referred to in subsection (b) above.

In this Agreement the expression "**Associate**" shall include all those persons and entities that are included within the definition or meaning of "associate" as set forth in Section 1(1) of the *Securities Act* (British Columbia), as amended, or any successor legislation of similar force and effect, and shall also include your spouse, children, parents, brothers and sisters. For this purpose, the definition of "associate" in the *Securities Act* (British Columbia) is as follows if used to indicate a relationship with any person:

(i) a partner, other than a limited partner, of that person,

(ii) a trust or estate in which that person has a substantial beneficial interest or for which that person serves as trustee or in a similar capacity,

(iii) an issuer in respect of which that person beneficially owns or controls, directly or indirectly, voting securities carrying more than 10% of the voting rights attached to all outstanding voting securities of the issuer, or

(iv) a relative, including the spouse, of that person or a relative of that person's spouse, if the relative has the same home as that person;

24. **Avoidance of Conflicts of Interest.** You acknowledge that it is the policy of the Corporation that all interests and conflicts of the sort described in Section 23 (Disclosure of Conflicts of Interest) be avoided, and you agree to comply with all policies and directives of the Board from time to time regulating, restricting or prohibiting circumstances giving rise to interests or conflicts of the sort described in Section 23 (Disclosure of Conflicts of Interest). During your employment with the Corporation, without Board approval, in its sole discretion, you shall not enter into any agreement, arrangement or understanding with any other person or entity that would in any way conflict or interfere with this Agreement or your duties or obligations under this Agreement or that would otherwise prevent you from performing your obligations hereunder, and you represent and warrant that you or your Associates have not entered into any such agreement, arrangement or understanding.

25. **Provisions Reasonable.** It is acknowledged and agreed that:

(a) You are entering into this Agreement freely and with knowledge of its contents with the intent to be bound by the Agreement and the restrictions contained in it;

(b) both before and since the Effective Date, the Corporation and Parent have operated and competed and will operate and compete in a global market, with respect to the business of the Corporation and Parent set out in **Schedule D** attached hereto (the "***Business***");

(c) competitors of the Corporation, Parent and the Business are located in countries around the world;

(d) in order to protect the Corporation and Parent adequately, any enjoinder of competition would have to apply worldwide;

(e) during the course of your employment by the Corporation, both before and after the Effective Date, on behalf of the Corporation and Parent, you have acquired and will acquire knowledge of, and you have come into contact with, initiated and established relationships with and will come into contact with, initiate and establish relationships with, both existing and new clients, customers, suppliers, principals, contacts and prospects of the Corporation and Parent, and that in some circumstances you have been or may well become the senior or sole representative of the Corporation and Parent dealing with such persons;

(f) in light of the foregoing, the provisions of Section 26 (Restrictive Covenant) below are reasonable and necessary for the proper protection of the business, property and goodwill of the Corporation and the Business and do not prevent you from earning a living or pursuing your career;

(g) in the event that a court finds this Agreement, or any of its restrictions, to be ambiguous, unenforceable, or invalid, you and the Corporation agree that the court will read the Agreement as a whole and interpret the restriction(s) at issue to be enforceable and valid to the maximum extent allowed by law;

(h) if the court declines to enforce this Agreement in the manner provided in subsection 25(g), you and the Corporation agree that this Agreement will be automatically modified to provide the Corporation with the maximum protection of its business interests allowed by law and you agree to be bound by this Agreement as modified; and

(i) if after applying the provisions of subsections 25(g) and (h), a court still decides that this Agreement or any of its restrictions is unenforceable for lack of reasonable geographic limitation and the Agreement or restriction(s) cannot otherwise be enforced, the parties hereby agree that the fifty (50) mile radius from any location at which you worked for the Corporation on either a regular or occasional basis during the one (1) year immediately preceding termination of you employment with the Corporation shall be the geographic limitation relevant to the contested restriction.

26. **Restrictive Covenant.** Subject to the exceptions set out in **Schedule E** attached hereto, you agree that you will not, either alone or in partnership or in conjunction with any person, firm, company, corporation, syndicate, association or any other entity or group, whether as principal, agent, employee, director, officer, shareholder, consultant or in any capacity or manner whatsoever, whether directly or indirectly, for the Term of Employment and continuing for a period of twelve (12) months from the termination of your employment, regardless of the reason for such termination:

(a) provide Conflicting Services (as defined below) anywhere in the Restricted Territory (as defined below), or assist another person in soliciting, performing,

providing or attempting to perform or provide Conflicting Services anywhere in the Restricted Territory, provided, however, that the foregoing will not prohibit you from acquiring, solely as an investment and through market purchases, securities of any such enterprise or undertaking which are publicly traded, so long as you are not part of any control group of such entity and such securities, which if converted, do not constitute more than 5% of the outstanding voting power of that entity;

(b) solicit, induce, encourage, or participate in soliciting, inducing, or encouraging any person, firm, company or other entity that was known to you to be a Customer or Potential Customer, employee, independent contractor, supplier, principal, shareholder, investor, collaborator, strategic partner, licensee, contact or prospect of the Corporation or Parent to terminate its, his or her relationship with the Corporation or Parent;

(c) provide, perform or attempt to provide or perform Conflicting Services to any person, firm, company or other entity that was known to you to be a Customer or Potential Customer, supplier, principal, shareholder, investor, collaborator, strategic partner, licensee, contact or prospect of the Corporation or Parent;

(d) hire, employ, or engage in a business venture with as partners or owners or other joint capacity, or attempt to hire, employ, or engage in a business venture as partners or owners or other joint capacity, with any person then employed by the Corporation or Parent or who has left the employment of the Corporation or Parent within the preceding three (3) months to research, develop, market, sell, perform or provide Conflicting Services; or

(e) divert, entice, diminish or take away from the Corporation or Parent or attempt to do so or solicit for the purpose of doing so, any business of the Corporation or Parent, or any person, firm, company or other entity that was known to you to be an employee, Customer or Potential Customer, supplier, principal, shareholder, investor, collaborator, strategic partner, licensee, contact or prospect of the Corporation or Parent.

You and the Corporation agree that for purposes of this Agreement, ***"Conflicting Services"*** means any product, service, or process or the research and development thereof, of any person or organization other than the Corporation or Parent that directly competes with a product, service, or process, including the research and development thereof, of the Corporation or Parent with which you worked directly or indirectly during your employment by the Corporation or about which you acquired Confidential Information (as defined in the Confidentiality Agreement and Assignment of Inventions) during your employment by the Corporation.

You and the Corporation agree that for purposes of this Agreement, ***"Restricted Territory"*** means the one hundred (100) mile radius of any of the following locations: (i) any business location of the Corporation or Parent at which you have worked on a regular

or occasional basis during the preceding year; (ii) your home if you work from home on a regular or occasional basis; (iii) any potential business location of the Corporation or Parent under active consideration by the Corporation or Parent to which you have traveled in connection with the consideration of that location; (iv) the primary business location of a Customer or Potential Customer; or (v) any business location of a Customer or Potential Customer where representatives of the Customer or Potential Customer with whom you have been in contact in the preceding year are based.

You and the Corporation agree that for purposes of this Agreement, a ***"Customer or Potential Customer"*** is any person or entity who or which, at any time during the one (1) year period prior to your contact with such person or entity if such contact occurs during your employment or, if such contact occurs following the termination of your employment, during the one (1) year period prior to the date you employment with the Corporation ends: (i) contracted for, was billed for, or received from the Corporation any product, service or process with which you worked directly or indirectly during your employment by the Corporation or about which you acquired Confidential Information; or (ii) was in contact with you or in contact with any other employee, owner, or agent of the Corporation, of which contact you were or should have been aware, concerning the sale or purchase of, or contract for, any product, service or process with which you worked directly or indirectly during your employment with the Corporation or about which you acquired Confidential Information; or (iii) was solicited by the Corporation in an effort in which you were involved or of which you were aware.

27. **Indemnification.** Parent agrees to indemnify and hold you harmless to the fullest extent permitted by the laws of Canada and the State of Maryland and under the bylaws of Parent and the Corporation. In connection therewith, Parent and the Corporation shall maintain the protection of insurance policies for your benefit (and the benefit of the Parent's and the Corporation's directors and officers), against all costs, charges and expenses whatsoever incurred or sustained by you in connection with any action, suit or proceeding to which you may be made a party by reason of you being or having been a director, officer or employee of the Parent or the Corporation or both. This provision shall survive any termination of your employment hereunder.

28. **Remedies.** You acknowledge and agree that any breach or threatened breach of any of the provisions of Section 12 (Compliance with Insider Trading and Guidelines and Restrictions), Section 14 (Service to Employer), Section 22 (Confidentiality and Assignment of Inventions), Section 23 (Disclosure of Conflicts of Interest), Section 24 (Avoidance of Conflicts of Interest) or Section 26 (Restrictive Covenant) may cause irreparable damage to the Corporation or its partners, subsidiaries or affiliates, that such harm may not be adequately compensated by the Corporation's recovery of monetary damages, and that in the event of a breach or threatened breach thereof, the Corporation shall have the right to seek an injunction, specific performance or other equitable relief as well as any equitable accounting of all your profits or benefits arising out of any such breach. It is further acknowledged and agreed that the remedies of the Corporation specified in this Section 28 are in addition to and not in substitution for any rights or

remedies of the Corporation at law or in equity and that all such rights and remedies are cumulative and not alternative and that the Corporation may have recourse to any one or more of its available rights or remedies as it shall see fit.

29. **Binding Effect.** This Agreement shall be binding upon and inure to the benefit of the Corporation and its successors and assigns. Your rights and obligations contained in this Agreement are personal and such rights, benefits and obligations shall not be voluntarily or involuntarily assigned, alienated or transferred, whether by operation of law or otherwise, without the prior written consent of the Corporation. This Agreement shall otherwise be binding upon and inure to the benefit of your personal or legal representatives, executors, administrators, successors, heirs, distributees, devisees, legatees and permitted assigns.

30. **Agreement Confidential.** Both parties shall keep the terms and conditions of this Agreement confidential except as may be required to enforce any provision of this Agreement or as may otherwise be required by any law, regulation or other regulatory requirement.

31. **Governing Law.** This Agreement shall be governed by and interpreted in accordance with the laws of the State of Maryland and the parties hereto agree to the exclusive jurisdiction of the state and federal courts of such state.

32. **Exercise of Functions.** The rights of Parent or the Corporation as provided in this Agreement may be exercised on behalf of the Parent or the Corporation only by the Board (excluding you).

33. **Entire Agreement.** The terms and conditions of this Agreement are in addition to and not in substitution for the obligations, duties and responsibilities imposed by law on employees of corporations generally, and you agree to comply with such obligations, duties and responsibilities. Except as otherwise provided in this Agreement and except for any documentation regarding benefits under benefit plans, equity award agreements and related documentation, agreements and related documentation regarding indemnification rights and documents regarding your rights as a shareholder, this Agreement constitutes the entire agreement between the parties with respect to the subject matter hereof, and may only be varied by further written agreement signed by you and the Corporation. This Agreement supersedes any previous communications, understandings and agreements between you and the Corporation regarding your employment. It is acknowledged and agreed that this Agreement is mutually beneficial and is entered into for fresh and valuable consideration with the intent that it shall constitute a legally binding agreement.

34. **Further Assurances.** The parties will execute and deliver to each other such further instruments and assurances and do such further acts as may be required to give effect to this Agreement.

35. **Surviving Obligations.** Your obligations and covenants under Section 22 (Confidentiality and Assignment of Inventions), Section 26 (Restrictive Covenant) and Section 28 (Remedies) shall survive the termination of this Agreement. Parent's and the Corporation's obligations under Section 16 (Termination by the Corporation Without Cause), Section 18 (Termination Following Change in Control of Parent) and Section 27 (Indemnification) shall survive the termination of this Agreement.

36. **Independent Legal Advice.** You hereby acknowledge that you have obtained or have had an opportunity to obtain independent legal advice in connection with this Agreement, and further acknowledge that you have read, understand, and agree to be bound by all of the terms and conditions contained herein.

37. **Notice.** Any notice or other communication required or contemplated under this Agreement to be given by one party to the other shall be delivered or mailed by prepaid registered post to the party to receive same at the address as set out below:

If to the Corporation or Parent:

Aurinia Pharmaceuticals Inc.
1203 – 4464 Markham Street
Victoria, B.C. V8Z 7X9
Attention: Chairman of the Board

If to Peter Greenleaf:

Peter Greenleaf
[redacted]

Any notice delivered shall be deemed to have been given and received on the first business day following the date of delivery. Any notice mailed shall be deemed to have been given and received on the fifth business day following the date it was posted, unless between the time of mailing and actual receipt of the notice there shall be a mail strike, slow-down or other labour dispute which might affect delivery of the notice by mail, then the notice shall be effective only if actually delivered.

38. **Severability.** If any provision of this Agreement or any part thereof shall for any reason be held to be invalid or unenforceable in any respect, then such invalid or unenforceable provision or part shall be severable and severed from this Agreement and the other provisions of this Agreement shall remain in effect and be construed as if such invalid or unenforceable provision or part had never been contained herein.

39. **Waiver.** Any waiver of any breach or default under this Agreement shall only be effective if in writing signed by the party against whom the waiver is sought to be enforced, and no waiver shall be implied by any other act or conduct or by any indulgence, delay or omission. Any waiver shall only apply to the specific matter waived and only in the specific instance in which it is waived.

40. **Counterparts.** This Agreement may be executed in any number of counterparts, each of which so executed shall be deemed to be an original, and such counterparts will together constitute but one Agreement.

[Signature Page Follows]

If you accept and agree to the foregoing, please confirm your acceptance and agreement by signing the enclosed duplicate copy of this letter where indicated below and by returning it to us. You are urged to consider fully all the above terms and conditions and to obtain independent legal advice or any other advice you feel is necessary before you execute this agreement.

Yours truly,

AURINIA PHARMA U.S., INC.
(a Delaware corporation)

By: */s/ Dennis Bourgeault*
Authorized Signatory

Accepted and agreed as of the 11th day of April, 2019

/s/ Peter Greenleaf
Peter Greenleaf

SCHEDULE A

AURINIA PHARMA U.S., INC.

FORM OF EMPLOYEE RELEASE

In exchange for the severance benefits to be provided to me by the Corporation pursuant to my Executive Employment Agreement with Aurinia Pharma U.S., Inc. (the "***Corporation***"), a Delaware corporation and a wholly-owned subsidiary of Aurinia Pharmaceuticals Inc., a corporation under the laws of the Province of Alberta ("***Parent***"), dated April 11, 2019 and the Corporation's agreement therein, I hereby provide the following release.

I hereby generally and completely release the Corporation and Parent, its subsidiaries, successors, predecessors, and affiliates, and each of their respective directors, officers, employees, stockholders, shareholders, agents, attorneys, insurers, and assigns, from any and all claims, liabilities and obligations, both known and unknown, that arise out of or are in any way related to events, acts, conduct, or omissions occurring at any time prior to and including the date I sign this release. This general release includes, but is not limited to: (a) all claims arising out of or in any way related to my employment or the termination of that employment; (b) all claims related to my compensation or benefits, including salary, bonuses, commissions, vacation pay, expense reimbursements, severance pay, fringe benefits, stock, stock options, or any other ownership interests; (c) all claims for breach of contract, wrongful termination, and breach of the implied covenant of good faith and fair dealing; (d) all tort claims, including claims for fraud, defamation, emotional distress, and discharge in violation of public policy; and (e) all federal, state, provincial and local statutory claims, including claims for discrimination, harassment, retaliation, attorneys' fees, or other claims arising under the federal Civil Rights Act of 1964 (as amended), the federal Americans with Disabilities Act of 1990 (as amended), the federal Employee Retirement Income Security Act of 1974 (as amended).

Notwithstanding the foregoing, I understand that the following claims are not included in my release: (a) any rights or claims for indemnification I may have pursuant to any written indemnification agreement; the charter, bylaws, or operating agreements of the Corporation and Parent; or under applicable law; (b) any rights which cannot be waived as a matter of law; (c) any rights I have to severance under my Executive Employment Agreement; (d) any rights to vested benefits, equity compensation or other compensation; or (e) any rights I have as a shareholder of Parent. **In addition, I understand that nothing in this release prevents me from filing, cooperating with, or participating in any proceeding before the Equal Employment Opportunity Commission, the Department of Labor, or an analogous federal or state government agency, except that I hereby waive my right to any monetary benefits in connection with any such claim, charge or proceeding**.

I acknowledge that I am knowingly and voluntarily waiving and releasing any rights I may have under the federal Age Discrimination in Employment Act (as amended) ("***ADEA***"), and that the consideration for the waiver and release in the preceding paragraph hereof is in

addition to anything of value to which I was already entitled. I further acknowledge that I have been advised by this writing, as required by the ADEA, that: (a) my waiver and release do not apply to any rights or claims that may arise after the date I sign this release; (b) I should consult with an attorney prior to signing this release (although I may choose voluntarily not do so); (c) I have 21 days to consider this release (although I may choose voluntarily to sign this release earlier); (d) I have seven days following the date I sign this release to revoke it by providing written notice to the Board of Directors of Parent; and (e) this release will not be effective until the date upon which the revocation period has expired, which will be the eighth day after I sign this release.

I hereby represent that I have been paid all compensation owed and for all hours worked; I have received all the leave and leave benefits and protections for which I am eligible pursuant to the Family and Medical Leave Act or otherwise; and I have not suffered any on-the-job injury for which I have not already filed a workers' compensation claim.

I further acknowledge my continuing obligations under my Proprietary Information and Inventions Agreement.

I hereby agree not to disparage the Corporation, Parent or any of their respective officers, directors, employees, shareholders, and agents, in any manner likely to be harmful to its or their business, business reputations or personal reputations; provided that I may respond accurately and fully to any question, inquiry or request for information when permitted by applicable law.

I acknowledge that to become effective, I must sign and return this Release to the Corporation so that it is received not later than [21] [45 if a group termination] days following the date it is provided to me.

PETER GREENLEAF

__

(Signature)

Date:__

[*Corporation agreement to follow on next page*]

The Corporation and Parent each agrees (through its officers and directors) not to disparage the employee in any manner likely to be harmful to his business, business reputations or personal reputations; provided that the Corporation and Parent may respond accurately and fully to any question, inquiry or request for information when permitted by applicable law.

AURINIA PHARMA U.S., INC.
(a Delaware corporation)

By:

Authorized Signatory

Date:

AURINIA PHARMACEUTICALS INC.
(a Province of Alberta corporation)

By:

Authorized Signatory

Date:

SCHEDULE B

AURINIA PHARMACEUTICALS INC.

April 11, 2019

Peter Greenleaf
[redacted]

Dear Peter:

Re: Change in Control Agreement

Aurinia Pharmaceuticals Inc., a corporation under the laws of the Province of Alberta ("***Parent***"), considers it essential to the best interests of its members to foster the continuous employment of its senior executive officers, including the senior executive officers of Aurinia Pharma U.S., Inc. (the "***Corporation***"), a Delaware corporation and a wholly owned subsidiary of Parent. In this regard, the Board of Directors of Parent (the "***Board***") has determined that it is in the best interests of Parent and its shareholders that appropriate steps should be taken to reinforce and encourage management's continued attention, dedication and availability to the Parent and the Corporation in the event of a Potential Change in Control (as defined in Section 2), without being distracted by the uncertainties which can arise from any possible changes in control of the Parent.

In order to induce you to agree to remain in the employ of the Corporation, such agreement evidenced by the employment agreement entered into as of the date of this Agreement between you and the Corporation (the "***Employment Agreement***") and in consideration of your agreement as set forth in Section 3 below, the Corporation agrees that you shall receive and you agree to accept the severance and other benefits set forth in this Agreement should your employment with the Corporation be terminated subsequent to a Change in Control (as defined in Section 2) in full satisfaction of any and all claims that now exist or then may exist for remuneration, fees, salary, bonuses or severance arising out of or in connection with your employment by the Corporation or the termination of your employment:

1. Term of Agreement.

This Agreement shall be in effect for a term commencing on the Effective Date of the Employment Agreement (as therein defined) and ending on the date of termination of the Employment Agreement.

2. Definitions.

i. "***Affiliate***" means a corporation that is an affiliate of Parent under the *Securities Act* (British Columbia), as amended from time to time.

ii. "***Base Salary***" shall mean the annual base salary, as referred to in Section 3 (Base Salary), and as adjusted from time to time in accordance with Section 4 (Annual Review), of the Employment Agreement.

iii. "***Bonus***" shall mean the bonus referred to in Section 6 (Performance Bonus) of the Employment Agreement.

iv. "***Cause***" shall have the meaning set out in Section 17 (Termination by the Corporation for Cause) of the Employment Agreement.

v. "***Change in Control***" of Parent shall be deemed to have occurred:

a. any merger or consolidation in which voting securities of Parent possessing more than fifty percent (50%) of the total combined voting power of Parent's outstanding securities are transferred to a person or persons different from the persons holding those securities immediately prior to such transaction and the composition of the board of directors of Parent following such transaction is such that the directors of Parent prior to the transaction constitute less than fifty percent (50%) of the membership of the board of directors of Parent following the transaction;

b. any acquisition, directly or indirectly, by an person or related group of persons (other than Parent or a person that directly or indirectly controls, is controlled by, or is under common control with, Parent) of beneficial ownership of voting securities of Parent possessing more than fifty percent (50%) of the total combined voting power of Parent's outstanding securities;

c. any acquisition, directly or indirectly, by a person or related group of persons of the right to appoint a majority of the directors of Parent; and

d. any sale, transfer or other disposition of all or substantially all of the assets of Parent;

provided however, that a Change in Control shall not be deemed to have occurred if such Change in Control results solely from the issuance, in connection with a bona fide financing or series of financings by Parent or any of its Affiliates, of voting securities of Parent or any of its Affiliates or any rights to acquire voting securities of Parent or any of its Affiliates which are convertible into voting securities. This definition of Change in Control is intended to conform to the definitions of "change in ownership of a corporation" and "change in ownership of a substantial portion of a corporation's assets" provided in Treasury Regulation Sections 1.409A-3(i)(5)(v) and (vii).

vi. "***Date of Termination***" shall mean, if your employment is terminated, the date specified in the Notice of Termination.

vii. "***Good Reason***" shall mean the occurrence of one or more of the following events without your express written consent, within 12 months after a Change in Control:

e. a material change in your status, position, authority or responsibilities that does not represent a promotion from or represents an adverse change from your status, position, authority or responsibilities in effect immediately prior to the Change in Control;

f. a material reduction by the Corporation or Parent, in the aggregate, in your Base Salary, or incentive, retirement, health benefits, bonus or other compensation plans provided to you immediately prior to the Change in Control, unless an equitable arrangement has been made with respect to such benefits in connection with a Change in Control;

g. a failure by the Corporation or Parent to continue in effect any other material compensation plan in which you participated immediately prior to the Change in Control (except for reasons of non-insurability), including but not limited to, incentive, retirement and health benefits, unless an equitable arrangement has been made with respect to such benefits in connection with a Change in Control;

h. any request by the Parent or any affiliate of Parent that you participate in an unlawful act; or

i. any purported termination of your employment by the Corporation after a Change in Control which is not effected pursuant to a Notice of Termination satisfying the requirements of clause (h) below and for the purposes of this Agreement, no such purported termination shall be effective.

In order to resign for Good Reason, you must provide written notice of the event giving rise to Good Reason to the Parent's Board of Directors within 90 days after the condition arises, allow the Parent or the Corporation 30 days to cure such condition, and if Parent or the Corporation fails to cure the condition within such period, your resignation from all positions you then hold with the Parent and Corporation must be effective not later than 90 days after the end of the 30-day cure period.

viii. "***Notice of Termination***" shall mean a notice, in writing, communicated to the other party in accordance with Section 6 below, which shall indicate the specific termination provision in this Agreement relied upon and shall set forth in reasonable detail the facts and circumstances claimed to provide a basis for termination of your employment under the provision so indicated.

ix. "***Potential Change in Control***" of Parent shall be deemed to have occurred if:

j. Parent enters into an agreement, the consummation of which would result in the occurrence of a Change in Control;

k. any person (including Parent) publicly announces an intention to take or to consider taking actions which if consummated would constitute a Change in Control; or

l. the Board adopts a resolution to the effect that, for the purposes of this Agreement, a Potential Change in Control of Parent has occurred.

3. Potential Change in Control.

You agree that, in the event of a Potential Change in Control of Parent occurring after the Effective Date, and until 12 months after a Change in Control, subject to your right to terminate your employment by issuing and delivering a Notice of Termination for Good Reason, you will continue to diligently carry out your duties and obligations, on the terms set out in the Employment Agreement.

4. Compensation Upon Termination Following Change in Control.

Subject to compliance by you with Section 3, upon your employment terminating pursuant to a Notice of Termination within 12 months after a Change in Control, the Corporation agrees that you shall receive and you agree to accept the following payments in full satisfaction of any and all claims you may have or then may have against the Corporation for remuneration, fees, salary, benefits, bonuses or severance, arising out of or in connection with your employment by the Corporation or the termination of your employment:

x. If your employment shall be terminated by the Corporation for Cause or by you other than for Good Reason, the terms of the Employment Agreement shall govern and the Corporation shall have no further obligations to you under this Agreement.

xi. If your employment by the Corporation shall be terminated by you for Good Reason or by the Corporation other than for Cause, then you shall be entitled to the payments and benefits provided below:

m. subject to the withholding of all applicable deductions, the Corporation shall pay you a lump sum equal to 150% of (A) 12 months' Base Salary, as referred to in Section 3 (Base Salary) and as adjusted from time to time in accordance with Section 4 (Annual Review) of the Employment Agreement, plus (B) target Bonus for the year of termination;

n. to the extent permitted by law and subject to the terms and conditions of any benefit plans in effect from time to time, the Corporation shall maintain the benefits and payments set out in Section 7 (Benefits) of the Employment Agreement during the 12-month period following your

termination date. The Corporation may, at its option, satisfy any requirement that the Corporation provide coverage under any benefit plan by (i) reimbursing your premiums under Title X of the Consolidated Budget Reconciliation Act of 1985, as amended ("***COBRA***") after you have properly elected continuation coverage under COBRA (in which case you will be solely responsible for electing such coverage for your eligible dependents), or (ii) providing the cash equivalent of such benefit as would have been provided during the severance period or a payment equivalent to the premium cost of such coverage during the severance period or providing coverage under a separate plan or plans providing coverage that is no less favorable to you than the terms of the plans in effect on your termination date. If the cash equivalent or premium cost is provided, such cash equivalent shall be paid in a lump in cash within 60 days following the date of termination of your employment.

o. the Corporation shall arrange for you to be provided with such outplacement career counselling services as are reasonable and appropriate, to assist you in seeking new executive level employment; and

p. all stock options or other equity-based awards granted to you by Parent under any stock option or other equity-based award agreement that is entered into between you and the Corporation and is outstanding at the time of termination of your employment, which stock options or other equity-based awards have not yet vested, shall immediately vest upon the termination of your employment and shall be fully exercisable (to the extent applicable) by you in accordance with the terms of the agreement or agreements under which such options or other equity awards were granted.

You shall not be required to mitigate the amount of any payment provided for in this Section 4 by seeking other employment or otherwise, nor will any sums actually received reduce the severance payments. The foregoing payments shall be subject to the provisions of Sections 19 and 20 of the Employment Agreement.

For the avoidance of doubt, in the event of the termination of your employment, you may be entitled to either the benefits set forth in Section 16 of the Employment Agreement or in this Agreement, but not both.

Receipt by you of the payments under section 4(b) above is subject to receipt by the Corporation of an effective release of claims by you in form substantially similar to that attached as Schedule A to the Employment Agreement (other than minimum entitlements required by applicable legislation, if any). In no event will amounts under this Change of Control Agreement be paid or provided until such release becomes effective and irrevocable (other than minimum entitlements required by applicable legislation, if any).

As you may be subject to income tax and other statutory withholding obligations arising from services you performed in Canada on behalf of the Corporation or Parent, the Corporation is

prepared to address the overall tax and other statutory withholding burden that you experience with the intention that your total tax and other statutory withholding burden while working in both the United States and Canada will be equal to what your tax and other statutory withholding burden would have been had you remained working solely in Maryland. The Corporation will provide you with tax equalization in connection with all income tax and other statutory withholding liabilities arising in respect of the payments made in Agreement. The Corporation intends that the income taxes and other statutory withholding levies payable by you on all the amounts payable pursuant to this Agreement, as prescribed by the applicable tax and other statutory withholding laws, should be no better or worse than the personal taxes and other statutory withholding levies you would have been required to pay on such amounts if your employment duties had been performed solely in the state of Maryland. Where your tax and other statutory withholding obligation arising in respect of payments made pursuant to this Agreement yield a higher total obligation than if your employment duties were solely performed in the state of Maryland, the Corporation will reimburse you for the difference. Where your annual tax and other statutory withholding obligation arising in respect of payments made pursuant to this Agreement yield a lower total tax and other statutory withholding impact than if your employment duties were solely performed in the state of Maryland, you will reimburse the Company for the difference. For the avoidance of doubt, any tax equalization payments made under this Section 4 shall not be subject to further tax equalization for any taxes incurred by you in connection therewith.

You shall provide the Corporation all information necessary for the preparation of a tax equalization calculation.

The Corporation shall either retain an appropriate tax advisor or pay all reasonable costs and professional fees related to calculating this equalization payment as well as all reasonable costs and fees associated with your filing tax returns in Canada or any of its provinces, and reserves the discretion to establish the process and criteria for determining the tax equalization calculation. For clarity, the tax equalization payments described in this Section 4 will not take into consideration or apply to any taxable income from sources other than as set out in this Agreement, and you will remain responsible for all income taxes arising from your personal income.

5. Binding Agreement.

This Agreement shall inure to the benefit of and be enforceable by your personal or legal representatives, executors, administrators, successors, heirs, distributees, devisees and legatees. If you die while any amount would still be payable to you under this Agreement if you had continued to live, that amount shall be paid in accordance with the terms of this Agreement to your devisee, legatee or other designee or, if there is no such designee, to your estate.

6. Notices.

Any notice or other communication required or contemplated under, this Agreement to be given by one party to the other shall be delivered or mailed by prepaid registered post to the party to receive same at the addresses set out below:

If to the Corporation or Parent:

Aurinia Pharmaceuticals Inc.
1203 – 4464 Markham Street
Victoria, B.C. V8Z 7X9
Attention: Chairman of the Board

If to Peter Greenleaf:

Peter Greenleaf
[redacted]

Any notice delivered shall be deemed to have been given and received on the first business day following the date of delivery. Any notice mailed shall be deemed to have been given and received on the fifth business day following the date it was posted, unless between the time of mailing and actual receipt of the notice there shall be a mail strike, slow-down or other labour dispute which might affect delivery of the notice by mail. In such event, the notice shall be effective only if actually delivered.

7. Modification: Amendments: Entire Agreement.

This Agreement may not be modified, waived or discharged unless such waiver, modification or discharge is agreed to in writing and signed by you and such officer as may be specifically designated by the Board. No waiver by either party at any time of any breach by the other party of, or compliance with, any condition or provision of this Agreement to be performed by such other party will be deemed a waiver of similar or dissimilar provisions or conditions at the same or at any prior or subsequent time. Except as set forth in your Employment Agreement, no agreements or representations, oral or otherwise, express or implied, with respect to the subject matter hereof have been made by either party which are not expressly set forth in this Agreement.

8. Governing Law.

This Agreement shall be governed by and interpreted in accordance with the laws of the State of Maryland and the parties hereto agree to the exclusive jurisdiction of the state and federal courts of such state.

9. Validity.

The invalidity or unenforceability of any provision of this Agreement shall not affect the validity or enforceability of any other provision of this Agreement, which shall remain in full force and effect.

10. No Employment or Service Contract.

Nothing in this Agreement shall confer upon you any right to continue in the employment of the Corporation for any period of specific duration or interfere with or otherwise restrict in any way the rights of the Corporation or you, which rights are hereby expressly reserved by each, to terminate your employment at any time for any reason whatsoever, with or without cause.

If the foregoing sets forth our agreement on this matter, kindly sign and return to Parent a copy of this letter.

Yours truly,

AURINIA PHARMA U.S., INC.
(a Delaware corporation)

By: */s/ Dennis Bourgeault*
Authorized Signatory

AURINIA PHARMACEUTICALS INC.
(an Alberta corporation)

By: */s/ Dennis Bourgeault*
Authorized Signatory

Accepted and agreed as of the 11th day of April, 2019

/s/ Peter Greenleaf

SCHEDULE C

CONFIDENTIALITY AGREEMENT AND ASSIGNMENT OF INVENTIONS

AURINIA PHARMA U.S., INC.

PRIVATE AND CONFIDENTIAL

As of April 11, 2019

Peter Greenleaf
[redacted]

Dear Peter:

The purpose of this letter is to confirm and record the terms of the agreement (the "***Agreement***") between you and Aurinia Pharma U.S., Inc. ("***U.S. Sub***"), a Delaware corporation and a wholly owned subsidiary of Aurinia Pharmaceuticals Inc., a corporation under the laws of the Province of Alberta ("***Parent***" and, together with U.S. Sub, "***Aurinia***"), concerning the terms on which you will (i) receive from and disclose to Aurinia proprietary and confidential information; (ii) agree to keep the information confidential, to protect it from disclosure and to use it only in accordance with the terms of this Agreement; and (iii) assign to Parent all rights, including any ownership interest which may arise in all inventions and intellectual property developed or disclosed by you over the course of your work during your employment with U.S. Sub. The effective date ("***Effective Date***") of this Agreement is April 29, 2019 provided and subject to your employment agreement between you and Aurinia dated as of April 11, 2019 taking effect in accordance with Section 2 (Term) thereof.

In consideration of the offer of employment by Aurinia and the payment by Aurinia to you of the sum of US$10.00 and other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, you and Aurinia hereby agree as follows:

1. Interpretation

1.1 Definitions. In this Agreement:

(a) "***Confidential Information***", subject to the exemptions set out in Section 2.8, shall mean any information relating to Aurinia's Business (as hereinafter defined), whether or not conceived, originated, discovered, or developed in whole or in part by you, that is not

generally known to the public or to other persons who are not bound by obligations of confidentiality and:

i. from which Aurinia derives economic value, actual or potential, from the information not being generally known; or

ii. in respect of which Aurinia otherwise has a legitimate interest in maintaining secrecy;

and which, without limiting the generality of the foregoing, shall include;

iii. all proprietary information licensed to, acquired, used or developed by Aurinia in its research and development activities including but not restricted to the development and commercialization of pharmaceutical products for the treatment of Lupus and related diseases, other scientific strategies and concepts, designs, know-how, information, material, formulas, processes, research data and proprietary rights in the nature of copyrights, patents, trademarks, licenses and industrial designs;

iv. all information relating to Aurinia's Business, and to all other aspects of Aurinia's structure, personnel, and operations, including financial, clinical, regulatory, marketing, advertising and commercial information and strategies, customer lists, compilations, agreements and contractual records and correspondence; programs, devices, concepts, inventions, designs, methods, processes, data, know-how, unique combinations of separate items that is not generally known and items provided or disclosed to Aurinia by third parties subject to restrictions on use or disclosure;

v. all know-how relating to Aurinia's Business including, all biological, chemical, pharmacological, toxicological, pharmaceutical, physical and analytical, clinical, safety, manufacturing and quality control data and information, and all applications, registrations, licenses, authorizations, approvals and correspondence submitted to regulatory authorities;

vi. all information relating to the businesses of competitors of Aurinia including information relating to competitors' research and development, intellectual property, operations, financial, clinical, regulatory, marketing, advertising and commercial strategies, that is not generally known;

vii. all information provided by Aurinia's agents, consultants, lawyers, contractors, licensors or licensees to Aurinia and relating to Aurinia's Business; and

viii. all information relating to your compensation and benefits, including your salary, vacation, stock options, rights to continuing education, perquisites, severance notice, rights on termination and all other compensation and

benefits, except that you shall be entitled to disclose such information to your spouse, bankers, advisors, agents, consultants and other third parties who have a duty of confidence to you and who have a need to know such information in order to provide advice, products or services to you.

(b)"***Inventions***" shall mean any and all discoveries, developments, enhancements, improvements, concepts, formulas, processes, ideas, writings, whether or not reduced to practice, industrial and other designs, patents, patent applications, provisional patent applications, continuations, continuations-in-part, substitutions, divisionals, reissues, renewals, re-examinations, extensions, supplementary protection certificates or the like, trade secrets or utility models, copyrights and other forms of intellectual property including all applications, registrations and related foreign applications filed and registrations granted thereon.

(c) "***Work Product***" shall mean any and all Inventions and possible Inventions relating to Aurinia's Business resulting from any work performed by you for Aurinia that you may invent or co-invent during your involvement in any capacity with Aurinia, except those Inventions invented by you entirely on your own time that do not relate to Aurinia's Business or do not derive from any equipment, supplies, facilities, Confidential Information or other information, gained, directly or indirectly, by you from or through your involvement in any capacity with Aurinia.

(d)"***Aurinia's Business***" shall mean the businesses actually carried on by Aurinia, directly or indirectly, whether under an agreement with or in collaboration with, any other party including but not exclusively, the development and commercialization of pharmaceutical products for the treatment of Lupus and related diseases.

2. Confidentiality

a. Basic Obligation of Confidentiality. You hereby acknowledge and agree that in the course of your involvement with Aurinia, Aurinia may disclose to you or you may otherwise have access or be exposed to Confidential Information. Aurinia hereby agrees to provide such access to you and you agree to receive and hold all Confidential Information on the terms and conditions set out in this Agreement. Except as set out in this Agreement, you will keep strictly confidential all Confidential Information and all other information belonging to Aurinia that you acquire, observe or are informed of, directly or indirectly, in connection with your involvement, in any capacity, with Aurinia.

b. Fiduciary Capacity. You will be and act toward Aurinia as a fiduciary in respect of the Confidential Information.

c. Non-disclosure. Unless Aurinia first gives you written permission to do so under Section 2.7 of this Agreement, you will not at any time, either during or after your involvement in any capacity with Aurinia;

1. use or copy Confidential Information or your recollections thereof;

2. publish or disclose Confidential Information or your recollections thereof to any person other than to employees of Aurinia who have a need to know such Confidential Information for their work for Aurinia;

3. permit or cause any Confidential Information to be used, copied, published, disclosed, translated or adapted except as otherwise expressly permitted by this Agreement;

4. permit or cause any Confidential Information to be stored off the premises of Aurinia, including permitting or causing such Information to be stored in electronic format on personal computers, except in accordance with written procedures of Aurinia, as amended from time to time in writing; or

5. communicate the Confidential Information or your recollections thereof to another employee of Aurinia in a public place or using methods of communication that are capable of being intercepted (such as unencrypted messages using the internet or cellular phones) or overheard, without the written permission of Aurinia.

d. Taking Precautions. You will take all reasonable precautions necessary or prudent to prevent material in your possession or control that contains or refers to Confidential Information from being discovered, used or copied by third parties.

e. Aurinia's Ownership of Confidential Information. As between you and Aurinia, Aurinia shall own all right, title and interest in and to the Confidential Information, whether or not created or developed by you.

f. Control of Confidential Information and Return of Information. All physical materials produced or prepared by you containing Confidential Information, including, without limitation, biological material, chemical entities, test results, notes of experiments, computer files, photographs, x-ray film, designs, devices, formulas, memoranda, drawings, plans, prototypes, samples, accounts, reports, financial statements, estimates and materials prepared in the course of your responsibilities to or for the benefit of Aurinia, shall belong to Aurinia, and you will promptly turn over to Aurinia's possession every original and copy of any and all such items in your possession or control upon request by Aurinia. You shall not permit or cause any physical materials to be stored off the premises of Aurinia, unless in accordance with written procedures of Aurinia, as amended from time to time in writing. You shall not transfer any biological material to another person outside of Aurinia, unless a material transfer agreement has been signed by both Aurinia and the other party. You shall not accept any biological material from another person outside of Aurinia, unless in accordance with written procedures of Aurinia, as amended from time to time in writing.

g. Purpose of Use. You will use Confidential Information only for purposes authorised or directed by Aurinia.

h. Exemptions. Your obligation of confidentiality under this Agreement will not apply to any of the following:

(a) information that is already known to you, though not due to a prior disclosure by Aurinia or by a person who obtained knowledge of the information, directly or indirectly, from Aurinia;

(b) information disclosed to you by another person who is not obliged to maintain the confidentiality of that information and who did not obtain knowledge of the information, directly or indirectly, from Aurinia;

(c) information that is developed by you independently of Confidential Information received from Aurinia and such independent development can be documented by you;

(d) other particular information or material which Aurinia expressly exempts by written instrument signed by Aurinia;

(e) information or material that is in the public domain through no fault of your own; and

(f) information or material that you are obligated by law to disclose, to the extent of such obligation, provided that:

(i) in the event that you are required to disclose such information or material, then, as soon as you become aware of this obligation to disclose, you will, subject to applicable law, provide Aurinia with prompt written notice so that Aurinia may seek a protective order or other appropriate remedy and/or waive compliance with the provisions of this Agreement;

(ii) if Aurinia agrees that the disclosure is required by law, it will give you written authorization to disclose the information for the required purposes only;

(iii) if Aurinia does not agree that the disclosure is required by law, this Agreement will continue to apply, except to the extent that a Court of competent jurisdiction orders otherwise; and

(iv) if a protective order or other remedy is not obtained or if compliance with this Agreement is waived, you will furnish only that portion of the Confidential Information that is legally required and will exercise all reasonable efforts to obtain confidential treatment of such Confidential Information.

3. ASSIGNMENT OF INTELLECTUAL PROPERTY RIGHTS

a. Notice of Invention. You agree to promptly and fully inform Aurinia of all your Work Product, whether or not patentable, throughout the course of your involvement, in any capacity,

with Aurinia, whether or not developed before or after your execution of this Agreement. On your ceasing to be employed by U.S. Sub for any reason whatsoever, you will immediately deliver up to Aurinia all of your Work Product. You further agree that all of your Work Product shall at all times be the Confidential Information of Aurinia.

b. Assignment of Rights. Subject only to those exceptions set out in Exhibit A hereto, you will assign, and do hereby assign, to Parent or, at the option of Parent and upon notice from Parent, to Parent's designee, your entire right, title and interest in and to all of your Work Product during your involvement, in any capacity, with Aurinia and all other rights and interests of a proprietary nature in and associated with your Work Product, including all patents, patent applications filed and other registrations granted thereon. To the extent that you retain or acquire legal title to any such rights and interests, you hereby declare and confirm that such legal title is and will be held by you only as trustee and agent for Aurinia. You agree that Aurinia's rights hereunder shall attach to all of your Work Product, notwithstanding that it may be perfected or reduced to specific form after you have terminated your relationship with Aurinia. You further agree that Aurinia's rights hereunder are worldwide rights and are not limited to the United States, but shall extend to every country of the world.

c. Moral Rights. Without limiting the foregoing, you irrevocably waive any and all moral rights arising under the *Copyright Act* (Canada), as amended, as applicable, or any successor legislation of similar force and effect or similar legislation in other applicable jurisdictions or at common law that you may have with respect to your Work Product, and agree never to assert any moral rights which you may have in your Work Product, including, without limitation, the right to the integrity of such Work Product, the right to be associated with the Work Product, the right to restrain or claim damages for any distortion, mutilation or other modification or enhancement of the Work Product and the right to restrain the use or reproduction of the Work Product in any context and in connection with any product, service, cause or institution, and you further confirm that Aurinia may use or alter any such Work Product as Aurinia sees fits in its absolute discretion.

d. Goodwill. You hereby agree that all goodwill you have established or may establish with clients, customers, suppliers, principals, shareholders, investors, collaborators, strategic partners, licensees, contacts or prospects of Aurinia relating to the business or affairs of Aurinia (or of its partners, subsidiaries or affiliates), both before and after the Effective Date, shall, as between you and Aurinia, be and remain the property of Aurinia exclusively, for Aurinia to use, alter, vary, adapt and exploit as Aurinia shall determine in its discretion.

e. Assistance. You hereby agree to reasonably assist Aurinia, at Aurinia's request and expense, in:

1. making patent applications for your Work Product, including instructions to lawyers and/or patent agents as to the characteristics of your Work Product in sufficient detail to enable the preparation of a suitable patent specification, to execute all formal documentation incidental to an application for letters patent and to execute assignment documents in favour of Aurinia for such applications;

2. making applications for all other forms of intellectual property registration relating to your Work Product;

3. prosecuting and maintaining the patent applications and other intellectual property relating to your Work Product; and

4. registering, maintaining and enforcing the patents and other intellectual property registrations relating to your Work Product.

a. Assistance with Proceedings. You further agree to reasonably assist Aurinia, at Aurinia's request and expense, in connection with any defence to an allegation of infringement of another person's intellectual property rights, claim of invalidity of another person's intellectual property rights, opposition to, or intervention regarding, an application for letters patent, copyright or trademark or other proceedings relating to intellectual property or applications for registration thereof.

4. General

a. Term and Duration of Obligation. The term of this Agreement is from the Effective Date and terminates on the date that you are no longer working at or for Aurinia. Except as otherwise agreed in a written instrument signed by Aurinia, Article 2 shall survive the termination of this Agreement, including your obligations of confidentiality and to return Confidential Information, and shall endure, with respect to each item of Confidential Information, for so long as those items fall within the definition of Confidential Information. Sections 1.1, 3.2, 3.3, 3.4, 3.5, 3.6, 3.7, 4.1, 4.2, 4.4, 4.5, 4.6, 4.7, 4.8, 4.9, 4.10, 4.11, 4.12 and 4.13 shall also survive the termination of this Agreement.

b. Binding Nature of Agreement. This Agreement is not assignable by you. You agree that this Agreement shall be binding upon your heirs and estate.

c. Reserved.

d. No Conflicting Obligations. You represent and warrant that you will not use or disclose to other persons at Aurinia information that (i) constitutes a trade secret of persons other than Aurinia during your employment at Aurinia, or (ii) which is confidential information owned by another person. You represent and warrant that you have no agreements with or obligations to others with respect to the matters covered by this Agreement or concerning the Confidential Information that are in conflict with anything in this Agreement.

e. Equitable Remedies. You acknowledge and agree that a breach by you of any of your obligations under this Agreement may result in damages to Aurinia that may not be adequately compensated by monetary award. Accordingly, in the event of any such breach by you, in addition to all other remedies available to Aurinia at law or in equity, Aurinia shall be entitled as a matter of right to apply to a court of competent jurisdiction for such relief by way of restraining order, injunction, decree or otherwise, as may be appropriate to ensure compliance with the provisions of this Agreement, without having to prove damages to the court.

f. Publicity. You shall not, without the prior written consent of Aurinia, make or give any public announcements, press releases or statements to the public or the press regarding your Work Product or any Confidential Information.

g. Severability. If any covenant or provision of this Agreement or of a section of this Agreement is determined by a court of competent jurisdiction to be void or unenforceable in whole or in part, then such void or unenforceable covenant or provision shall not affect or impair the enforceability or validity of the balance of the section or any other covenant or provision.

h. Time of Essence/No Waiver. Time is of the essence hereof and no waiver, delay, indulgence, or failure to act by Aurinia regarding any particular default or omission by you shall affect or impair any of Aurinia's rights or remedies regarding that or any subsequent default or omission that is not expressly waived in writing, and in all events time shall continue to be of the essence without the necessity of specific reinstatement.

i. Further Assurances. The parties will execute and deliver to each other such further instruments and assurances and do such further acts as may be required to give effect to this Agreement.

j. Notices. All notices and other communications that are required or permitted by this Agreement must be in writing and shall be hand delivered or sent by express delivery service or certified or registered mail, postage prepaid, or by facsimile transmission (with written confirmation copy by registered first-class mail) to the parties at the addresses indicated below.

If to the Corporation:

Aurinia Pharma U.S., Inc.
1203 – 4464 Markham Street
Victoria, B.C. V8Z 7X9
Attention: Chairman of the Board

If to Peter Greenleaf:

Peter Greenleaf
[redacted]

Any such notice shall be deemed to have been received on the earlier of the date actually received or the date five (5) days after the same was posted or sent. Either party may change its address or its facsimile number by giving the other party written notice, delivered in accordance with this Section 4.10.

k. Amendment. No amendment, modification, supplement or other purported alteration of this Agreement shall be binding unless it is in writing and signed by you and by Aurinia.

l. Entire Agreement. This Agreement supersedes all previous dealings, understandings, and expectations of the parties and constitutes the whole agreement with respect to the matters contemplated hereby, and there are no representations, warranties, conditions or collateral

agreements between the parties with respect to such transactions except as expressly set out herein.

m. Governing Law. This Agreement shall be governed by and interpreted in accordance with the laws of the State of Maryland and the parties hereto agree to the exclusive jurisdiction of the state and federal courts of such state.

n. Independent Legal Advice. You hereby acknowledge that you have obtained or have had an opportunity to obtain independent legal advice in connection with this Agreement, and further acknowledge that you have read, understand, and agree to be bound by all of the terms and conditions contained herein.

o. Acceptance. If the foregoing terms and conditions are acceptable to you, please indicate your acceptance of and agreement to the terms and conditions of this Agreement by signing below on this letter and on the enclosed copy of this letter in the space provided and by returning the enclosed copy so executed to us. Your execution and delivery to Aurinia of the enclosed copy of this letter will create a binding agreement between us.

[Signature Page Follows]

Thank you for your cooperation in this matter.

Yours truly,

AURINIA PHARMA U.S., INC.
(a Delaware corporation)

By: */s/ Dennis Bourgeault*
Authorized Signatory

Accepted and agreed as of the 11th day of April, 2019

/s/ Peter Greenleaf

SCHEDULE D

DESCRIPTION OF BUSINESS

"***Aurinia's Business***" shall mean the businesses actually carried on by the Corporation, directly or indirectly, whether under an agreement with or in collaboration with, any other party including but not exclusively, related to the development and commercialization of pharmaceutical products for the treatment of Lupus and other immunologic related diseases.

SCHEDULE E

EXCEPTIONS TO RESTRICTIVE COVENANT

None

EMPLOYMENT AGREEMENT AURINIA PHARMA U.S., INC.

PRIVATE AND CONFIDENTIAL February 10, 2020

Max Colao
[redacted]

Dear Max:

Re: Terms of Employment with Aurinia Pharma U.S., Inc.

This Employment Agreement ("Agreement") sets forth the terms and conditions of your employment with Aurinia Pharma U.S., Inc. (the "Corporation "), a Delaware corporation and wholly owned subsidiary of Aurinia Pharmaceuticals Inc., a corporation under the laws of the Province of Alberta ("Parent'), and will constitute your employment agreement. Those terms and conditions are set out below:

1. **Position and duties**. You will be employed by the Corporation as Chief Commercial Officer, having such duties and functions as assigned by the Parent's Chief Executive Officer (to whom you will report). Please note that the Corporation may change titles, duties, reporting relationship and compensation from time to time at its discretion.

2. **Term**. The terms and conditions of this Agreement shall have effect as of and from the date your employment commences on March 2, 2020 (the "Effective Date and your employment shall continue until terminated as provided in this Agreement.

3. **Base Salary**. The Corporation shall pay you a base salary at the rate of USD $ 425,000 per year (the "Base Salary"), payable semi-monthly, subject to applicable withholdings. As a managerial employee of the Corporation, you are not entitled to overtime pay and your compensation noted above represents your pay for all hours worked for the Corporation.

4. **Annual Review**. The Board of Directors of Parent (the "Board") or the Compensation Committee of the Board (the "Compensation Committee" in conjunction with the Chief Executive Officer, shall review your Base Salary annually. This review shall not result in a decrease of your Base Salary nor shall it necessarily result in an increase in your Base Salary and any increase shall be in the sole discretion of the Board or Compensation Committee.
5. **Performance Bonus** Parent shall review the performance of your duties and functions under this Agreement annually, and you shall be eligible to receive a cash bonus with a target payment of 40% of your Base Salary based on achieving certain corporate objectives set by the Board and by the Chief Executive Officer of the Corporation (initially weighted 40% personal and 60% corporate). Parent, in its sole discretion, will determine if you and Parent have met the established corporate performance objectives, and the President and Chief Executive Officer of

Certain identified information has been excluded from this exhibit because it both (i) is not material and (ii) would be competitively harmful if publicly disclosed.

the Corporation, in their sole discretion (but in consultation with the Board or the Compensation Committee) will determine if you have met the established personal performance objectives, each within a reasonable time following the end of each fiscal year. Subject to Section 14 (Termination by the Corporation Without Cause), performance bonuses will be deemed earned following such determination by Parent and the Chief Executive Officer and you must remain employed as of the date of payment in order to be eligible to receive a performance bonus. Any performance bonus payments shall be made not later than March 15 following the end of the fiscal year for which they are earned, subject to the withholding of all applicable deductions by the Corporation. The performance bonus earned in your first year of employment will be pro-rated for that calendar year based on your start date.

6. **Benefits.** You will be eligible for the Corporation's standard benefits, subject to the applicable terms and conditions of such plans. Please note that the Corporation may change benefits from time to time at its discretion.

7. **Vacation.** During your employment with the Corporation under this Agreement, you will be entitled to accrue 20 days of paid vacation and will also be eligible for paid U.S. holidays. The Corporation reserves the right, acting reasonably, to request that vacations be scheduled so as not to conflict with critical business operations.

8. **Reimbursement for Expense**. During your employment under this Agreement, the Corporation shall reimburse you for reasonable travelling and other expenses actually and properly incurred by you in connection with the performance of your duties and functions, such reimbursement to be made in accordance with, and subject to, the policies of the Corporation from time to time. For all such expenses you will be required to keep proper accounts and to furnish statements, vouchers, invoices and/or other supporting documents to the Corporation.

9. **Stock Options**. You will receive an initial stock option grant pursuant to Parent's Incentive Stock Option Plan (the "Initial Grant"). The Initial Grant will be determined on your start date, based on the Black Scholes calculation on the amount of 1.5 million USD of value, and will be granted by Parent as soon as practicable (such date being the "Grant Date") following the commencement of your employment. The Initial Grant will (i) vest at 12136th on the 12 month anniversary date and thereafter, I/36 th per month over the next 24 months, such that the Initial Grant will be fully vested on the three year anniversary of the Grant Date; (ii) have an exercise price equal to the closing price of Parent's common shares as reported on the Toronto Stock Exchange on the day immediately prior to the Grant Date; and (iii) have a term of ten years. Any additional stock options or other equity-based awards granted to you will be upon such terms as the Board or the Compensation Committee may determine in its discretion, as the case may be. For greater certainty, payment of any severance pursuant to Section 10 (Termination by the Corporation Without Cause) will not be considered as extending the period of your employment with respect to the vesting or exercise of any such options or other equity-based awards granted.

10. **Termination by the Corporation Without Cause:**

(a) If the Corporation terminates your employment without Cause (as defined below), other than for death or disability, then the Corporation shall pay you severance payments as described in this Section 10, subject to receipt by the Corporation of an effective release of claims by you in the form attached as Schedule A. In no

event will severance payments or termination benefits be paid or provided until such release becomes effective and irrevocable.

(b) You will receive severance pay on the Corporation's regular payroll dates for a period equal to six months, plus one additional month for each full year of employment, up to a maximum of 18 months in aggregate, equal to your then current Base Salary as set out in Section 3 (Base Salary) and as adjusted from time to time in accordance with Section 4 (Annual Review) (such period of time is the "Severance Period").

(c) The Corporation will determine in its sole discretion which personal and corporate objectives have been accomplished in part or in full pursuant to Section 5 (Performance Bonus) through the date of termination. Based on the objectives which have been accomplished in part or in full, you will be eligible to receive a lump sum payment of a performance bonus but not later than the earlier of (i} March 15 of the applicable following year or (ii) the date that performance bonuses are otherwise paid to Parent's officers for such year.

(d) Provided that you timely elect continued coverage under COBRA, then the Corporation will reimburse you for your COBRA premiums during the Severance Period. This benefit will cease in the event you are no longer eligible for COBRA or you obtain health insurance coverage through new employment.

(e) In addition, the Corporation will arrange for you to be provided with such outplacement career counselling services as are reasonable and appropriate, to assist you in seeking new employment, up to a maximum of$10,000.

(f) You shall not be required to mitigate the amount of any payment provided for in this Section 10 by seeking other employment or otherwise, nor will any sums actually received reduce the severance payments.

1 1 . **Termination by the Corporation for Cause** . The Corporation may terminate your employment for Cause at any time without any notice or severance. In this Agreement, "Cause" shall include, but not be limited to, the following:

(a) the commission of theft, embezzlement, fraud, obtaining funds or property under false pretenses or similar acts of misconduct with respect to the property of the Corporation or its employees or the Corporation's customers or suppliers;

(b) your entering of a guilty plea or conviction for any crime involving fraud, misrepresentation or breach of trust, or for any serious criminal offense that impacts adversely on the Corporation;

(c) willful misconduct or gross negligence in performance of your duties hereunder, including your refusal to comply in any material respect with the legal directives of the Corporation or the Board so long as such directives are not inconsistent with your position and duties or inconsistent with any other legal obligation or requirement, and such refusal to comply is not remedied within ten (10) working days after written notice from the Corporation or the Board, which written notice shall state that failure to remedy such conduct may result in termination for Cause; or

(d) your material breach of any element of this Agreement, which breach (if determined in good faith by the Corporation or the Board to be curable) is not remedied within ten (l 0) working days after written notice from the Corporation or the Board, which written notice shall state that failure to remedy such conduct may result in termination for Cause.

any of which shall entitle the Corporation to terminate your employment under this Section 111.

12. You expressly acknowledge and agree that the Corporation will be entitled to make any tax withholding from your compensation as it deems reasonably necessary to comply with applicable taxation laws, rules and regulations.

The Corporation will reimburse you for the reasonable expenses incurred by you if preparation of tax returns are required to be filed in Canada.

13. **Compliance with Insider Trading Guidelines and Restrictions**. Parent may from time to time publish trading guidelines and restrictions for its employees, officers and directors as are considered by the Board, in its discretion, prudent and necessary for a publicly listed company. It is a term of your employment of the Corporation that you comply with such guidelines and restrictions.

14. **Location**. You will be required to perform your duties and functions for Aurinia from your home based office in Connecticut or as mutually agreed, spending time at the Rockville office as needed. Your role shall include travel for various business purposes, including but not limited to travel for meetings at the Parent's other offices from time to time.

15. **Service to Employer.** During your employment under this Agreement you will:
(a) perform your duties to the Corporation in good faith;
(b) act in and promote the best interests of the Corporation;
(c) apply your skill and experience to the performance of your duties and responsibilities and devote substantially the whole of your working time, attention and energies to the business and affairs of the Corporation;
(d) comply with all lawful policies and procedures put in place by the Corporation from time to time; and

(e) except as set forth below. not, without the prior approval of the Board, carry on or be engaged in any other business or occupation or become a director, officer, employee or agent of or hold any position or office with any other corporation, firm or person, except as a volunteer for a non-profit organization or in respect of civic or community activities, provided that such activities do not materially interfere with the performance of your duties under this Agreement.
16. **At-Will Employment**. Your employment with the Corporation will be "at-will" employment and you may be terminated at any time with or without cause or notice. You understand and agree that neither your job performance nor promotions, commendations, bonuses or the like from the Corporation give rise to or in any way serve as the basis for modification, amendment, or extension, by implication or otherwise, of your employment with the Corporation. However, as described in this Agreement, you may be entitled to severance benefits depending on the circumstances of your termination of employment with the Corporation.

17. **Termination Following Change in Control of Parent**. Concurrently with execution and delivery of this Agreement, you and Parent shall enter into a "Change in Control Agreement" in the form attached hereto as Schedule B setting out the compensation provisions to be applicable in the event of the termination of your employment with the Corporation in certain circumstances following a "Change in Control" of Parent (as defined in the Change in Control Agreement).

18. **No Additional Compensation upon Termination** It is agreed that neither you nor the Corporation shall, as a result of the termination of your employment, be entitled to any notice, fee, salary, bonus, severance or other payments, benefits or damages arising by virtue of, or in any way relating to, your employment or any other relationship with the Corporation (including termination of such employment or relationship) in excess of what is specified or provided for in Section 10 (Termination by the Corporation Without Cause) or Section l 7 (Termination Following Change in Control of Parent), whichever is applicable. For the avoidance of doubt, in the event of the termination of your employment you may be entitled to either the benefits set forth in Section 10 of this Agreement or in the Change in Control Agreement, but not both. Payment of any amount whatsoever pursuant to Section 100 (Termination by the Corporation Without Cause) or Section 177 (Termination Following Change in Control) shall be subject to the withholding of all applicable statutory deductions by the Corporation.

19. **Section 409A**

(a) Notwithstanding anything to the contrary in this Agreement, no severance pay or benefits to be paid or provided to you, if any, pursuant to this Agreement that, when considered together with any other severance payments or separation benefits, are considered deferred compensation under Internal Revenue Code of 1986, as amended (the "Code"), Section 409A, and the final regulations and any guidance promulgated thereunder ("Section 409A "} (together, the "Deferred Payments '1will be paid or otherwise provided until you have a "separation from service" within the meaning of Section 409A. Each payment and benefit payable under this Agreement is intended to constitute a separate payment for purposes of Section 1.409A-2(b)(2) of the Treasury Regulations.

(b) Any severance payments or benefits under this Agreement that would be considered Deferred Payments will be paid on, or, in the case of installments, will not commence until, the sixtieth (60th) day following your separation from service, or, if later, such time as required by Section 18(c). Except as required by Section 18(c), any installment payments that would have been made to you during the sixty (60) day period immediately following your separation from service but for the preceding sentence will be paid to you on the sixtieth (60 day following your separation from service and the remaining payments shall be made as provided in this Agreement.

(c) Notwithstanding anything to the contrary in this Agreement, if you are a "specified employee" within the meaning of Section 409A at the time of your termination (other than due to death), to the extent delayed commencement of any portion of the Deferred Payments to which you are entitled under this Agreement is required in order to avoid a prohibited distribution under Section 409A(a)(2)(B)(i) of the Code, then the Deferred Payments that are payable within the first six (6) months following your separation from service, will become payable on the first payroll date that occurs on or after the date six (6) months and one (1) day following the date of your separation from service. All subsequent Deferred Payments, if any, will be payable in accordance with the payment schedule applicable to each payment or benefit Notwithstanding anything herein to the contrary, if your die following your separation from service, but prior to the six (6) month anniversary of

the separation from service, then any payments delayed in accordance with this paragraph will be payable in a lump sum as soon as administratively practicable after the date of your death and all other Deferred Payments will be payable in accordance with the payment schedule applicable to each payment or benefit.

(d) Any amount paid under this Agreement that satisfies the requirements of the "short-term deferral" rule set forth in Section l.409A-l(b)(4) of the Treasury Regulations will not constitute Deferred Payments for purposes of clause (i) above.

(e) Any amount paid under this Agreement that qualifies as a payment made as a result of an involuntary separation from service pursuant to Section 1.409A-1(b)(9)(iii) of the Treasury Regulations that does not exceed the Section 409A Limit (as defined below) will not constitute Deferred Payments for purposes of clause (a) above·.

(f) The foregoing provisions are intended to comply with the requirements of Section 409A so that none of the severance payments and benefits to be provided hereunder will be subject to the additional tax imposed under Section 409A, and any ambiguities herein will be interpreted to so comply. The Corporation and you agree to work together in good faith to consider amendments to this Agreement and to take such reasonable actions which are necessary, appropriate or desirable to avoid imposition of any additional tax or income recognition prior to actual payment to you under Section 409A.

(g) For purposes of this Agreement, "Section 409A Limit" will mean two (2) times the lesser of: (i) your annualized compensation based upon the annual rate of pay paid to you during your taxable year preceding the taxable year of your separation from service as determined under Treasury Regulation Section l.409A-t(b)(9Xiii)(A)(l) and any Internal Revenue Service guidance issued with respect thereto; or (ii) the maximum amount that may be taken into account under a qualified plan pursuant to Section 40l(a)(l7) of the Internal Revenue Code for the year in which your separation from service occurred.

20. **Limitation on Payments**. In the event that the severance and other benefits provided for in this Agreement or otherwise payable to you (i) constitute "parachute payments" within the meaning of Section 280G of the Code and (ii) but for this Section 19, would be subject to the excise tax imposed by Section 4999 of the Code, then your severance benefits will be either:

(a) delivered in full, or

(b) delivered as to such lesser extent which would result in no portion of such severance benefits being subject to the excise tax under Section 4999 of the Code,

whichever of the foregoing amounts, taking into account the applicable federal, state and local income truces and the excise tax imposed by Section 4999, results in the receipt by you on an after tax basis, of the greatest amount of severance benefits, notwithstanding that all or some portion of such severance benefits may be taxable under Section 4999 of the Code.

If a reduction in the severance and other benefits constituting "parachute payments" is necessary so that no portion of such severance benefits is subject to the excise tax under Section 4999 of the Code, the reduction shall occur on a non-discretionary basis in such a way as to minimize the reduction in the economic value deliverable to you. Where one payment or benefit has the same value for this purpose and they are payable at

different times, they will be reduced on a pro rata basis. If, as a result of subsequent events or conditions, it is determined that payments have been reduced by more than the minimum amount required, then an additional payment shall be made to you in an amount equal to the excess reduction within 60 days of the date on which the amount of the excess reduction is determined, but not later than December 31 of the year in which the excess reduction is determined. In the event that acceleration of vesting of equity award compensation is to be reduced, such acceleration of vesting shall be cancelled in the reverse order of the date of grant of your equity awards.

Unless the Corporation and you otherwise agree in writing, any determination required under this Section 19 will be made in writing by an independent firm immediately prior to the Change in Control (the "Firm"), whose determination will be conclusive and binding upon you and the Corporation for all purposes. For purposes of making the calculations required by this Section 19, the Finn may make reasonable assumptions and approximations concerning applicable taxes and may rely on reasonable, good faith interpretations concerning the application of Sections 2800 and 4999 of the Code. The Corporation and you will furnish to the Firm such information and documents as the Finn may reasonably request in order to make a determination under this Section 19. The Corporation will bear all costs the Firm may reasonably incur in connection with any calculations contemplated by this Section 19.

21. **Confidentiality and Assignments of Inventions** Concurrently with execution and delivery of this Agreement and in consideration of your employment by the Corporation, you and the Corporation will enter into a "Confidentiality Agreement and Assignment of Inventions" in the form attached hereto as Schedule C.

22. **Disclosure of Conflict of Interest** During your employment with the Corporation, you will promptly and fully disclose to the Corporation in writing:

(a) the nature and extent of any interest you or your Associates (as hereinafter defined) have or may have, directly or indirectly, in any contract or transaction or proposed contract or transaction with the Parent, the Corporation or any other subsidiary, affiliate or successor of the Parent or the Corporation;

(b) every office you may hold or acquire, and every property you or your Associates may possess or acquire, whereby directly or indirectly a duty or interest might be created in conflict with the interests of the Corporation or the Parent or your duties and obligations under this Agreement; and

(c) the nature and extent of any conflict referred to in subsection (b) above.

In this Agreement the expression "Associate" shall include all those persons and entities that are included within the definition or meaning of “associate" as set forth in Section 1(1) of the Securities Act (British Columbia), as amended, or any successor legislation of similar force and effect, and shall also include your spouse, children, parents, brothers and sisters. For this purpose, the definition of “associate" in the Securities Act(British Columbia) is as follows if used to indicate a relationship with any person:

(i) a partner, other than a limited partner, of that person,

(ii) a trust or estate in which that person has a substantial beneficial interest or for which that person serves as trustee or in a similar capacity,

(iii) an issuer in respect of which that person beneficially owns or controls, directly or indirectly, voting securities carrying more than 10% of the voting rights attached to all outstanding voting securities of the issuer or

(iv) a relative, including the spouse, of that person or a relative of that person's spouse, if the relative has the same home as that person.

23. **Avoidance of Conflicts of Interest.** You acknowledge that it is the policy of the Corporation that all interests and conflicts of the sort described in Section 222 (Disclosure of Conflicts of interest) be avoided, and you agree to comply with all] policies and directives of the Board from time to time regulating, restricting or prohibiting circumstances giving rise to interests or conflicts of the sort described in Section 22 (Disclosure of Conflicts of Interest). During your employment with the Corporation, without Board approval, in its sole discretion, you shall not enter into any agreement, arrangement or understanding with any other person or entity that would in any way conflict or interfere with this Agreement or your duties or obligations under this Agreement or that would otherwise prevent you from performing your obligations hereunder, and you represent and warrant that you or your Associates have not entered into any such agreement, arrangement or understanding.

24. **Provisions Reasonable**. It is acknowledged and agreed that:

(a) both before and since the Effective Date, the Corporation and Parent have operated and competed and will operate and compete in a global market. with respect to the business of the Corporation and Parent set out in Schedule D attached hereto (the "Business");

(b) competitors of the Corporation, Parent and the Business are located in countries around the world;

(c) in order to protect the Corporation and Parent adequately, any enjoinder of competition would have to apply world wide; · ·

(d) during the course of your employment by the Corporation, both before and after the Effective Date, on behalf of the Corporation and Parent. you have acquired and will acquire knowledge of, and you have come into contact with, initiated and established relationships with and will come into contact with, initiate and establish relationships with, both existing and new clients, customers, suppliers, principals, contacts and prospects of the Corporation and Parent, and that in some circumstances you have been or may well become the senior or sole representative of the Corporation and Parent dealing with such persons; and

(e) in light of the foregoing, the provisions of Section 25 (Restrictive Covenant) below are reasonable and necessary for the proper protection of the business, property and goodwi11 of the Corporation and the Business.

25. **Restrictive Covenant** Subject to the exceptions set out in Schedule E attached hereto, you agree that you will not, either alone or in partnership or in conjunction with any person, from, company, corporation, syndicate, association or any other entity or group, whether as principal, agent. employee, director, officer, shareholder, consultant or in any capacity or manner whatsoever, whether directly or indirectly, for the Term of Employment and continuing for a period of 6 months from the lawful termination of your employment, regardless of the reason for such termination:

(a) carry on or be engaged in, concerned with or interested in, or advise, invest in or give financial assistance to, any business, enterprise or undertaking that:

{i) is involved in the Business or in the sale, distribution, development or supply of any product or service that is competitive with the Business or any product or service of the Business; or

{ii) competes with the Corporation or Parent with respect to any aspect of the Business;

provided, however, that the foregoing will not prohibit you from acquiring, solely as an investment and through market purchases, securities of any such enterprise or undertaking which are publicly traded, so long as you are not part of any control group of such entity and such securities, which if converted, do not constitute more than 5% of the outstanding voting power of that entity;

{b) solicit, agree to be employed by, or agree to provide services to any person, firm, company or other entity that was a client, customer, supplier, principal, shareholder, investor, collaborator, strategic partner, licensee, contact or prospect of the Corporation or Parent during the time of your employment with the Corporation, whether before or after the Effective Date, for any business purpose that is competitive with the Business or any product or service of the Business;.or

(c) divert, entice or take away from the Corporation or Parent or attempt to do so or solicit for the purpose of doing so, any business of the Corporation or Parent, or any person, firm, company or other entity that was an employee, client, customer, supplier, principal, shareholder, investor, collaborator, strategic partner, licensee, contact or prospect of the Corporation or Parent during the time of your employment with the Corporation, whether before or after the Effective Date.

26. **Indemnification**. Parent agrees to indemnify and hold you harmless to the full extent permitted by the laws of Canada and.the State of Connecticut and under the bylaws of Parent and the Corporation. In connection therewith, Parent and the Corporation shall maintain the protection of insurance policies for your benefit (and the benefit of the Parent's and the Corporation's directors and officers), against all costs, charges and expenses whatsoever incurred or sustained by you in connection with any action, suit or proceeding to which you may be made a party by reason of you being or having been a director, officer or employee of the Parent or the Corporation or both. This provision shall survive any termination of your employment hereunder.

27. **Remedies**. You acknowledge and agree that any breach or threatened breach of any of the provisions of Section 103 {Compliance with Insider Trading and Guidelines and Restrictions), Section 155 {Service to Employer), Section 21 {Confidentiality and Assignment of Inventions), Section 22 (Disclosure of Conflicts of lnterest), Section 23 (Avoidance of Conflicts of lnterest) or Section 25{Restrictive Covenant) could cause irreparable damage to the Corporation or its partners, subsidiaries or affiliates, that such harm could not be adequately compensated by the Corporation's recovery of monetary damages, and that in the event of a breach or threatened breach thereof, the Corporation shall have the right to seek an injunction, specific performance or other equitable relief as well as any equitable accounting of all your profits or benefits arising out of any such breach. It is further acknowledged and agreed that the remedies of the Corporation specified in this Section
27 are in addition to and not in substitution for any rights or remedies of the Corporation at law or in equity and that all such rights and remedies are cumulative and not alternative and that the Corporation may have recourse to any one or more of its available rights or remedies as it shall see fit.

28. **Binding Effect**. This Agreement shall be binding upon and inure to the benefit of the Corporation and its successors and assigns. Your rights and obligations contained in this Agreement are personal and such rights, benefits and obligations shall not be voluntarily or involuntarily assigned, alienated or transferred, whether by operation of law or otherwise, without the prior written consent of the Corporation. This Agreement shall otherwise be binding upon and inure to the benefit of your personal or legal representatives, executors, administrators, successors, heirs, distributees, devisees, legatees and permitted assigns.

29. **Agreement Confidential**. Both parties shall keep the terms and conditions of this Agreement confidential except as may be required to enforce any provision of this Agreement or as may otherwise be required by any law, regulation or other regulatory requirement.

30. **Governing Law.** This Agreement shall be governed by and interpreted in accordance with the laws of the State of Delaware and the parties hereto agree to the exclusive jurisdiction of the state and federal courts of such state.

31. **Exercise of Functions**. The rights of Parent or the Corporation as provided in this Agreement may be exercised on behalf of the Parent or the Corporation only by the Board.

32. **Entire Agreement**. The terms and conditions of this Agreement are in addition to and not in substitution for the obligations, duties and responsibilities imposed by law on employees of corporations generally, and you agree to comply with such obligations, duties and responsibilities. Except as otherwise provided in this Agreement and except for any documentation regarding benefits under benefit plans, equity award agreements and related documentation, agreements and related documentation regarding indemnification rights and documents regarding your rights as a shareholder, this Agreement constitutes the entire agreement between the parties with respect to the subject matter hereof, and (except for the terms reserved to the Corporation's discretion) may only be varied by further written agreement signed by you and the Corporation. This Agreement supersedes any previous communications, understandings and agreements between you and the Corporation regarding your employment It is acknowledged and agreed that this Agreement is mutually beneficial and is entered into for fresh and valuable consideration with the intent that it shall constitute a legally binding agreement.

33. **Further Assurances.** The parties will execute and deliver to each other such further instruments and assurances and do such further acts as may be required to give effect to this Agreement.

34. **Surviving Obligations**. Your obligations and covenants under Section 21 (Confidentiality and Assignment of Inventions), Section 25 (Restrictive Covenant) and Section 27 (Remedies) shall survive the termination of this Agreement. Parent's and the Corporation's obligations under Section IO (Termination by the Corporation Without Cause) and Section 26 (Indemnification) shall survive the termination of this Agreement.

35. **Independent Legal Advice**. You hereby acknowledge that you have obtained or have had an opportunity to obtain independent legal advice in connection with this Agreement, and further acknowledge that you have read, understand, and agree to be bound by all of the terms and conditions contained herein.

36. - Any notice or other communication required or contemplated under this Agreement to be given by one party to the other shall be delivered or mailed by prepaid registered post to the party to receive same at the address as set out below:

If to the Corporation or Parent:

Aurinia Pharmaceuticals Inc. 1203 - 4464 Markham Street Victoria, B.C. V8Z 7X9 Attention: Chief Operating Officer

If to Max Colao:

Max Colao
[redacted]

Any notice delivered shall be deemed to have been given and received on the first business day following the date of delivery. Any notice mailed shall be deemed to have been given and received on the fifth business day following the date it was posted, unless between the time of mailing and actual receipt of the notice there shall be a mail strike; slow-down or other labour dispute which might affect delivery of the notice by mail, then the notice shall be effective only if actually delivered.

37. **Severability**. If any provision of this Agreement or any part thereof shall for any reason be held to be invalid or unenforceable in any respect, then such invalid or unenforceable provision or part shall be severable and severed from this Agreement and the other provisions of this Agreement shall remain in effect and be construed as if such invalid or unenforceable provision or part had never been contained herein.

38. **Waiver**- Any waiver of any breach or default under this Agreement shall only be effective if in writing signed by the party against whom the waiver is sought to be enforced, and no waiver shall be implied by any other act or conduct or by any indulgence, delay or omission. Any waiver shall only apply to the specific matter waived and only in the specific instance in which it is waived.

39. **Counterparty**. This Agreement may be executed in any number of counterparts, each of which so executed shall be deemed to be an original, and such counterparts will together constitute but one Agreement.

If you accept and agree to the foregoing, please confirm your acceptance and agreement by signing the enclosed duplicate copy of this letter where indicated below and by returning it to us. You are urged to consider fully all the above terms and conditions and to obtain independent legal advice or any other advice you feel is necessary before you execute this agreement

Yours truly.

AURINIA PHARMA U.S., INC.
(a Delaware corporation)

/s/ Dennis Bourgeault
Authorized Signatory

Accepted and agreed

/s/ Max Colao

SCHEDULE A AURINIA PHARMA U.S., INC.

FORM OF EMPLOYEE RELEASE

In exchange for the severance benefits to be provided to me by the Corporation pursuant to my Employment Agreement with Aurinia Pharma U.S., Inc. (the ***"Corporation"),*** a Delaware corporation and a wholly-owned subsidiary of Aurinia Pharmaceuticals Inc., a corporation under the laws of the Province of Alberta ***("Parent"),*** dated July 15, 2019 and the Corporation's agreement therein, I hereby provide the following release.

I hereby generally and completely release the Corporation and Parent, its subsidiaries, successors, predecessors, and affiliates, and each of their respective directors, officers, employees, stockholders, shareholders, agents, attorneys, insurers, and assigns, from any and all claims, liabilities and obligations, both known and unknown, that arise out of or are in any way related to events, acts, conduct, or omissions occurring at any time prior to and including the date I sign this release. This general release includes, but is not limited to: (a) all claims arising out of or in any way related to my employment or the termination of that employment; (b) all claims related to my compensation or benefits, including salary, bonuses, commissions, vacation pay, expense reimbursements, severance pay, fringe benefits, stock, stock options, or any other ownership interests; (c) all claims for breach of contract, wrongful termination, and breach of the implied covenant of good faith and fair dealing; (d) all tort claims, including claims for fraud, defamation, emotional distress, and discharge in violation of public policy; and (e) all federal, state, provincial and local statutory claims, including claims for discrimination, harassment, retaliation, attorneys' fees, or other claims arising under the federal *Civil Rights Act* of 1964 (as amended), the federal *Americans with Disabilities Act* of 1990 (as amended), the federal *Employee Retirement Income Security Act* of 1974 (as amended).

Notwithstanding the foregoing, I understand that the following claims are not included in my release:
(a) any rights or claims for indemnification I may have pursuant to any written indemnification agreement; the charter, bylaws, or operating agreements of the Corporation and Parent; or under applicable law; (b) any rights which cannot be waived as a matter of law; (c) any rights I have to severance under my Employment Agreement; (d) any rights to vested benefits, equity compensation or other compensation; or (e) any rights I have as a shareholder of Parent. In **addition** I **understand that nothing in this release prevents me from filing, cooperating with, or participating in any proceeding before the Equal Employment Opportunity Commission, the Department of Labor, or an analogous federal or state government agency.**

I acknowledge that I am knowingly and voluntarily waiving and releasing any rights I may have under the federal *Age Discrimination in Employment Act(as* amended) ***("ADEA"),*** and that the consideration for the waiver and release in the preceding paragraph hereof is in addition to anything of value to which I was already entitled. I further acknowledge that I have been advised by this writing, as required by the ADEA, that: (a) my waiver and release do not apply to any rights or claims that may arise after the date I sign this release; (b) I should consult with an attorney prior to signing this release (although I may choose voluntarily not do so); (c) I have 21 days to consider this release (although I may choose voluntarily to sign this release earlier); (d) I have seven days following the date I sign this release to revoke it by providing written notice to the Board of Directors of Parent; and (e) this release will not be effective until the date upon which the revocation period has expired, which will be the eighth day after I sign this release.

I understand that nothing in this release limits my ability to file a charge or complaint with the Equal Employment Opportunity Commission, the Department of Labor, the National Labor Relations Board, the Occupational Safety and Health Administration, the Securities and Exchange Commission or any other federal, state or local governmental agency or commission ("Government Agencies"). I further understand this release does not limit my ability to communicate with any Government Agencies or otherwise participate in any investigation or proceeding that may be conducted by any Government Agency, including providing documents or other information, without notice to the Corporation. While this release does not limit my right to receive an award for information provided to the Securities and Exchange Commission, I understand and agree that, to maximum extent permitted by law, I am otherwise waiving any and all rights I may have to individual relief based on any claims that I have released, and any rights waived by signing this release.

I hereby represent that I have been paid all compensation owed and for all hours worked; I have received all the leave and leave benefits and protections for which I am eligible pursuant to the *Family and Medical Leave Act* or otherwise; and I have not suffered any on-the-job injury for which I have not already filed a workers' compensation claim.

I further acknowledge my continuing obligations under my Proprietary Information and Inventions Agreement.

I hereby agree not to disparage the Corporation, Parent or any of their respective officers, directors, employees, shareholders, and agents, in any manner likely to be harmful to its or their business, business reputations or personal reputations; provided that I may respond accurately and fully to any question, inquiry or request for information when permitted by applicable law.

I acknowledge that to become effective, I must sign and return this Release to the Corporation so that it is received not later than 21 (twenty-one) days following the date it is provided to me.

Date:

Max Colao Signature

[Signature Page Follows]

The Corporation and Parent each agrees (through its officers and directors) not to disparage the employee in any manner likely to be harmful to his business. business reputations or personal reputations; provided that the Corporation and Parent may respond accurately and fully to any question, inquiry or request for information when permitted by applicable law.

AURINIA PHARMA U.S., INC.
(a Delaware corporation)

Date:

AURINIA PHARMACEUTICALS INC.
(a Province of Alberta corporation)

By:
Authorized Signatory

Date:

Exhibit 10.12

SCHEDULE D

AURINIA PHARMACEUTICALS INC.

February 10, 2020

Max Colao
[redacted]

Dear Max:

Re: Change in Control Agreement

Aurinia Pharmaceuticals Inc., a corporation under the laws of the Province of Alberta ("Parent), considers it essential to the best interests of its members to foster the continuous employment of its senior management team, including the senior management of Aurinia Pharma U.S., Inc. (the "Corporation"), a Delaware corporation and a wholly owned subsidiary of Parent. In this regard, the Board of Directors of Parent (the "Board") has determined that it is in the best interests of Parent and its shareholders that appropriate steps should be taken to reinforce and encourage management's continued attention, dedication and availability to the Parent and the Corporation in the event of a Potential Change in Control (as defined in Section 2), without being distracted by the uncertainties which can arise from any possible changes in control of the Parent.

In order to induce you to agree to remain in the employ of the Corporation, such agreement evidenced by the employment agreement entered into as of the date of this Agreement between you and the Corporation (the “Employment Agreement') and in consideration of your agreement as set forth in Section 3 below, the Corporation agrees that you shall receive and you agree to accept the severance and other benefits set forth in this Agreement should your employment with the Corporation be terminated subsequent to a Change in Control (as defined in Section 2) in full satisfaction of any and all claims that now exist or then may exist for remuneration, fees, salary, bonuses or severance arising out of or in connection with your employment by the Corporation or the termination of your employment:

1. **Term of Agreement**

This Agreement shall be in effect for a term commencing on the Effective Date of the Employment Agreement (as therein defined) and ending on the date of termination of the Employment Agreement.

2. **Definitions.**

(a) "Affiliate" means a corporation that is an affiliate of Parent under the Securities Act (British Columbia), as amended from time to time.

(b) "Base Salary., shall mean the annual base salary, as referred to in Section 3 (Base Salary), of the Employment Agreement.

(c) "Bonus" shall mean the bonus referred to in Section 5 (Performance Bonus) of the Employment Agreement.

(d) "Cause" shall have the meaning set out in Section 11 (Termination by the Corporation for Cause) of the Employment Agreement.

(e) "Change in Control" of Parent shall be deemed to have occurred:

(i) any merger or consolidation in which voting securities of Parent possessing more than fifty percent (50%) of the total combined voting power of Parent's outstanding securities are transferred to a person or persons different from the persons holding those securities immediately prior to such transaction and the composition of the board of directors of Parent following such transaction is such that the directors of Parent prior to the transaction constitute less than fifty percent (50%) of the membership of the board of directors of Parent following the transaction;

(ii) any acquisition, directly or indirectly, by an person or related group of persons (other than Parent or a person that directly or indirectly controls, is controlled by, or is under common control with, Parent) of beneficial ownership of voting securities of Parent possessing more than fifty percent (50%) of the total combined voting power of Parent's outstanding securities;

(iii) any acquisition, directly or indirectly, by a person or related group of persons of the right to appoint a majority of the directors of Parent; and

(iv) any sale. transfer or other disposition of all or substantially all of the assets of Parent;

provided however, that a Change in Control shall not be deemed to have occurred if such Change in Control results solely from the issuance, in connection with a bona fide financing or series of financings by Parent or any of its Affiliates, of voting securities of Parent or any of its Affiliates or any rights to acquire voting securities of Parent or any of its Affiliates which are convertible into voting securities. This definition of Change in Control is intended to conform to the definitions of ..change in ownership of a corporation" and "change in ownership of a substantial portion of a .corporation's assets" provided in Treasury regulation Sections 1.409A-3(i)(S)(v) and (vii).

(f) "Date of Termination" shall mean, if your employment is terminated. the date specified in the Notice of Termination.

(g) "Good Reason" shall mean the occurrence of one or more of the following events, without your express written consent, within 12 months of Change in Control:

{i) a material change in your status, position, authority or responsibilities that does not represent a promotion from or represents an adverse change from your status, position, authority or responsibilities in effect immediately prior to the Change in Control;

(ii) a material reduction by the Corporation or Parent, in the aggregate, in your Base Salary, or incentive, retirement, health benefits, bonus or other compensation plans provided to you immediately prior to the Change in Control, unless an equitable arrangement has been made with respect to such benefits in connection with a Change in Control;

(iii) a failure by the Corporation or Parent to continue in effect any other compensation plan in which you participated immediately prior to the Change in Control (except for reasons of non-insurability), including but not limited to, incentive, retirement and health benefits, unless an equitable arrangement has been made with respect to such benefits in connection with a Change in Control;

(iv) any request by the Parent or any affiliate of Parent that you participate in an unlawful act; or

(v) any purported termination of your employment by the Corporation after a Change in Control which is not effected pursuant to a Notice of Termination satisfying the requirements of clause (h) below and for the purposes of this Agreement, no such purported termination shall be effective.

In order to resign for Good Reason, you must provide written notice of the event giving rise to Good Reason to the Parent's Board of Directors within 90 days after the condition arises, allow the Parent or the Corporation 30 days to cure such condition, and if Parent or the Corporation fails to cure the condition within such period, your resignation from all positions you then hold with the Parent and Corporation must be effective not later than 90 days after the end of the 30-day cure period.

(h) "Notice of Termination" shalt mean a notice, in writing, communicated to the other party in accordance with Section 6 below, which shall indicate the specific termination provision in this Agreement relied upon and shall set forth in reasonable detail the facts and circumstances claimed to provide a basis for termination of your employment under the provision so indicated.

(i) "Potential Change in Control" of Parent shall be deemed to have occurred if:

(i) Parent enters into an agreement, the consummation of which would result in the occurrence of a Change in Control;

(ii) any person (including Parent} publicly announces an intention to take or to consider taking actions which if consummated would constitute a Change in Control; or

(iii) the Board adopts a resolution to the effect that, for the purposes of this Agreement, a Potential Change in Control of Parent has occurred.

3. **Potential Change of Control**

You agree that, in the event of a Potential Change in Control of Parent occurring after the Effective Date, and until 12 months after a Change in Control, subject to your right to terminate your employment by issuing and delivering a Notice of Termination for Good Reason, you will continue to diligently carry out your duties and obligations, on the terms set out in the Employment Agreement.

4. **Compensation upon Termination Following Change of Control**

Subject to compliance by you with Section 3, upon your employment terminating pursuant to a Notice of Termination within 12 months after a Change in Control, the Corporation agrees that you shall receive and you agree to accept the following payments in full satisfaction of any and all claims you may have or then may have against the Corporation, for remuneration, fees, salary, benefits, bonuses or severance, arising out of or in connection with your employment by the Corporation or the termination of your employment:

(a) If your employment shall be terminated by the Corporation for Cause or by you other than for Good Reason, the terms of the Employment Agreement shall govern, and the Corporation shall have no further obligations to you under this Agreement.

(b) If your employment by the Corporation shall be terminated by you for Good Reason or by the Corporation other than for Cause, then you shall be entitled to the payments and benefits provided below:

(i) subject to the withholding of all applicable statutory deductions, the Corporation shall pay you a lump sum equal to (A) 12 months' Base Salary plus one additional month for each full year of employment, up to a maximum of 18 months in aggregate, as referred to in Section 3 (Base Salary) of the Employment Agreement, plus (B) target Bonus for the year of termination;

(ii) to the extent permitted by law and subject to the terms and conditions of any benefit plans in effect from time to time, the Corporation shall maintain the benefits and payments set out in Section 6 (Benefits) of the Employment Agreement during the 12-month period following your termination date. The Corporation may, at its option, satisfy any requirement that the Corporation provide coverage under any benefit plan by (i) reimbursing your premiums under Title X of the Consolidated Budget reconciliation Act of 1985, as amended ("COBRA") after you have properly elected continuation coverage under COBRA (in which case you will be solely responsible for electing such coverage for your eligible dependents), or (ii) providing the ash equivalent of such benefit as would have been provided during the severance period or a payment equivalent to the premium cost of such coverage during the severance period or providing coverage under a separate plan or plans providing coverage that is no less favorable to you than the terms of the plans in effect on your termination date. If the cash equivalent or premium cost is provided, such cash equivalent shall be paid in a lump sum in cash within 60 days following the date of termination of your employment.

(iii) the Corporation shall arrange for you to be provided with such outplacement career counselling services as are reasonable and appropriate, to assist you in seeking new employment; and

(iv) all stock options or other equity-based awards granted to you by Parent under any stock option or other equity-based award agreement that is entered into between you and the Corporation and is outstanding at the time of termination of your employment, which stock options or other equity-based awards have not yet vested, shall immediately vest upon the termination of your employment and shall be fully exercisable (to the extent applicable) by you in accordance with the terms of the agreement or agreements under which such options or other equity awards were granted.

You shall not be required to mitigate the amount of any payment provided for in this Section 4 by seeking other employment or otherwise, nor will any sums actually received reduce the severance payments. The foregoing payments shall be subject to the provisions of Sections 19 and 20 of the Employment Agreement.

5. **Binding Agreement.**

This Agreement shall ensure to the benefit of and be enforceable by your personal or legal representatives, executors, administrators, successors, heirs, distributees, devisees and legatees. If you die while any amount would still be payable to you under this Agreement if you had continued to live, that amount shall be paid in accordance with the terms of this Agreement to your devisee, legatee or other designee or, if there is no such designee, to your estate.

6. **Notices.**

Any notice or other communication required or contemplated under, this Agreement to be given by one party to the other shall be delivered or mailed by prepaid registered post to the party to receive same at the addresses set out below:

If to the Corporation or Parent:

Aurinia Pharmaceuticals Inc. 1203 - 4464 Markham Street Victoria, B.C. VSZ 7X9 Attention: Chief Operating Officer

If to Matthew Colao:

Max Colao
[redacted]

Any notice delivered shall be deemed to have been given and received on the first business day following the date of delivery. Any notice mailed shall be deemed to have been given and received on the fifth business day following the date it was posted, unless between the time of mailing and actual receipt of the notice there shall be a mail strike, slow-down or other labor dispute which might affect delivery of the notice by mail. In such event, the notice shall be effective only if delivered.

7. **Modification; Amendments; Entire Agreement,**

This Agreement may not be modified, waived or discharged unless such waiver, modification or discharge is agreed to in writing and signed by you and such officer as may be specifically designated by the Board. No waiver by either party at any time of any breach by the other party of, or compliance with, any condition or provision of this Agreement to be performed by such other party will be deemed a waiver of similar or dissimilar provisions or conditions at the same or at any prior or subsequent time. Except as set forth in your Employment Agreement, no agreements or representations, oral or otherwise, express or implied, with respect to the subject matter hereof have been made by either party which are not expressly set forth in this Agreement.

8. **Governing Law.**
This Agreement shall be governed by and interpreted in accordance with the laws of the State of Delaware and the parties hereto agree to the exclusive jurisdiction of the state and federal courts of such state.

9. **Validity.**

The invalidity or unenforceability of any provision of this Agreement shall not affect the validity or enforceability of any other provision of this Agreement, which shall remain in full force and effect.
10. Np Ernol0 yroent0 c 5ealc:c Contract
Nothing in this Agreement shall confer upon you 'any right to continue in the employment of the Corporation for any period of specific duration or interfere with or otherwise restrict in any way the rights of the Corporation or you, which rights are hereby expressly reserved by each, to terminate your employment at any time for any reason whatsoever, with or without cause.

If the foregoing sets forth our agreement on this matter, kindly sign and return to Parent a copy of this Letter.

AURINIA PHARMA U.S., INC.
(a Delaware corporation)

/s/ Dennis Bourgeault
Authorized Signatory

AURINIA PHARMACEUTICALS INC.
(an Alberta corporation)

/s/ Dennis Bourgeault
Authorized Signatory

Accepted and agreed

/s/ Max Colao

Exhibit 10.12

SCHEDULE C

CONFIDENTIALITY AGREEMENT AND ASSIGNMENT OF INVENTIONS

AURINIA PHARMA U.S., INC.

PRIVATE AND CONFIDENTIAL

As of February 10, 2020

Max Colao
[redacted]

Dear Max:

The purpose of this letter is to confirm and record the terms of the agreement (the"Agreement'). between you and Aurinia Pharma U.S., lnc. ("U.S. Sub"), a Delaware corporation and a wholly owned subsidiary of Aurinia Pharmaceuticals Inc., a corporation under the laws of the Province of Alberta ("Parent' and, together with U.S. Sub, "Aurinia"), concerning the terms on which you will (i) receive from and disclose to Aurinia proprietary and confidential information; (ii) agree to keep the information confidential, to protect it from disclosure and to use it only in accordance with the terms of this Agreement; and (iii) assign to Parent all rights, including any ownership interest which may arise in all inventions and intellectual property developed or disclosed by you over the course of your work during your employment with U.S. Sub. The effective date ("Effective Date") of this Agreement is March 2, 2020 provided and subject to your employment agreement between you and Aurinia dated as of March 2, 2020 taking effect in accordance with Section 2 (Term) thereof.

In consideration of the offer of employment by Aurinia, you and Aurinia hereby agree as follows:

1. INTERPRETATION

1.1 **Definitions**. In this Agreement

(a) ***"Confidential Information"***, subject to the exemptions set out in Section 2.8, shall mean any information relating to Aurinia's Business (as hereinafter defined), whether or not conceived, originated, discovered, or developed in whole or in part by you, that is not generally known to the public or to other persons who are not bound by obligations of confidentiality and:

(i) from which Aurinia derives economic value, actual or potential, from the information not being generally known; or

(ii) in respect of which Aurinia otherwise has a legitimate interest in maintaining secrecy;

and which, without limiting the generality of the foregoing, sha11 include;

(iii) all proprietary information licensed to, acquired, used or developed by Aurinia in its research and development activities including but not restricted to the development and commercialization of pharmaceutical products for the treatment of Lupus and related diseases, other scientific strategies and concepts, designs, know-how, information, material, formulas, processes, research data and proprietary rights in the nature of copyrights, patents, trademarks, licenses and industrial designs;

(iv) all information relating to Aurinia's Business, and to all other aspects of Aurinia's structure, personnel, and operations, including financial, clinical, regulatory, marketing, advertising and commercial information and strategies, customer lists, compilations, agreements and contractual records and correspondence; programs, devices, concepts, inventions, designs, methods, processes, data, !mow-how, unique combinations of separate items that is not generally known and items provided or disclosed to Aurinia by third parties subject to restrictions on use or disclosure;

(v) all know-how relating to Aurinia's Business including, all biological, chemical, pharmacological, toxicological, pharmaceutical, physical and analytical, clinical, safety, manufacturing and quality control data and information, and all applications, registrations, licenses, authorizations, approvals and correspondence submitted to regulatory authorities;

(vi) all information relating to the businesses of competitors of Aurinia including information relating to competitors' research and development, intellectual property, operations, financial, clinical, regulatory, marketing, advertising and commercial strategies, that is not generally known;

(vii) all information provided by Aurinia's agents, consultants, lawyers, contractors, licensors or licensees to Aurinia and relating to Aurinia's Business; and

(viii) all information relating to your compensation and benefits, inc1uding your salary, vacation, stock options, rights to continuing education, perquisites, severance notice, rights on termination and al1 other compensation and benefits, except that you shall be entitled to disclose such information to your bankers, advisors, agents, consultants and other third parties who have a duty of confidence to you and who have a need to know such information in order to provide advice, products or services to you.

(b) ***"Inventions"*** shall mean any and all discoveries, developments, enhancements, improvements, concepts, formulas, processes, ideas, writings, whether or not reduced to practice, industrial and other designs, patents, patent applications, provisional patent applications, continuations, continuations-in-part, substitutions, divisionals, reissues, renewals, re-examinations, extensions, supplementary protection certificates or the like, trade secrets or utility models, copyrights and other forms of intellectual property including

all applications, registrations and related foreign applications filed and registrations granted thereon.

(c) ***"Work Product"*** shall mean any and all Inventions and possible Inventions relating to Aurinia's Business resulting from any work performed by you for Aurinia that you may invent or co-invent during your involvement in any capacity with Aurinia, except those Inventions invented by you entirely on your own time that do not relate to Aurinia's Business or do not derive from any equipment, supplies, facilities, Confidential Information or other information, gained, directly or indirectly, by you from or through your involvement in any capacity with Aurinia.

(d) ***"Aurinia's Business"*** shall mean the businesses actually carried on by Aurinia, directly or indirectly, whether under an agreement with or in collaboration with, any other party including but not exclusively, the development and commercialization of pharmaceutical products for the treatment of Lupus Nephritis, Dry Eye Syndrome, Focal Segmental Glomerulosclerosis, and related diseases.

2. **CONFIDENTIALITY**

2.1 **Basic Obligation of Confidentiality**. You hereby acknowledge and agree that in the course of your involvement with Aurinia, Aurinia may disclose to you or you may otherwise have access or be exposed to Confidential Information. Aurinia hereby agrees to provide such access to you and you agree to receive and hold all Confidential Information on the terms and conditions set out in this Agreement. Except as set out in this Agreement, you will keep strictly confidential all Confidential Information and all other information belonging to Aurinia that you acquire, observe or are informed of, directly or indirectly, in connection with your involvement, in any capacity, with Aurinia.

2.2 **Fiduciary Capacity**. You will be and act toward Aurinia as a fiduciary in respect of the Confidential Information.

2.3 **Non-disclosure**. Unless Aurinia first gives you written permission to do so under section
2.7 of this Agreement, you will not at any time, either during or after your involvement in any capacity with Aurinia;

(a) use or copy Confidential Information or your recollections thereof;

(b) publish or disclose Confidential Information or your recollections thereof to any person other than to employees of Aurinia who have a need to know such Confidential Information for their work for Aurinia;

(c) permit or cause any Confidential Information to be used, copied, published, disclosed, translated or adapted except as otherwise expressly permitted by this Agreement;

(d) permit or cause any Confidential Information to be stored off the premises of Aurinia, including permitting or causing such Information to be stored in electronic format on personal computers, except in accordance with written procedures of Aurinia, as amended from time to time in writing; or

(e} communicate the Confidential Information or your recollections thereof to another employee of Aurinia in a public place or using methods of communication that are capable

of being intercepted (such as unencrypted messages using the internet or cellular phones) or overheard, without the written permission of Aurinia.

2.4 **Taking Precautions**. You will take all reasonable precautions necessary or prudent to prevent material in your possession or control that contains or refers to Confidential Information from being discovered, used or copied by third parties.

2.5 **Aurinia's Ownership of Confidential Information**. As between you and Aurinia, Aurinia shall own all right, title and interest in and to the Confidential Information, whether or not created or developed by you.

2.6 **Control of Confidential Information and Return of Information**. AU physical materials produced or prepared by you containing Confidential Information, including, without limitation, biological material, chemical entities, test results, notes of experiments, computer files, photographs, x-ray film, designs, devices, formulas, memoranda, drawings, plans, prototypes, samples, accounts, reports, financial statements, estimates and materials prepared in the course of your responsibilities to or for the benefit of Aurinia, shall belong to Aurinia, and you will promptly turn over to Aurinia's possession every original and copy of any and all such items in your possession or control upon request by Aurinia. You shall not permit or cause any physical materials to be stored off the premises of Aurinia, unless in accordance with written procedures of Aurinia, as amended from time to time in writing. You shall not transfer any biological material to another person outside of Aurinia, unless a material transfer agreement has been signed by both Aurinia and the other party. You shall not accept any biological material from another person outside of Aurinia, unless in accordance with written procedures of Aurinia, as amended from time to time in writing.

2.7 **Purpose of Use**. You will use Confidential Information only for purposes authorised .or directed by Aurinia.

2.8 **Exemptions**. Your obligation of confidentiality under this Agreement will not apply to any of the following:

(a) information that is already known to you, though not due to a prior disclosure by Aurinia or by a person who obtained knowledge of the information, directly or indirectly, from Aurinia;

(b) information disclosed to you by another person who is not obliged to maintain the confidentiality of that information and who did not obtain knowledge of the information, directly or indirectly, from Aurinia;

(c) information that is developed by you independently of Confidential Information received from Aurinia and such independent development can be documented by you;

(d) other particular information or material which Aurinia expressly exempts by written instrument signed by Aurinia;

(e) information or material that is in the public domain through no fault of your own; and

(f) information or material that you are obligated by law to disclose, to the extent of such obligation, provided that:

(i) in the event that you are required to disclose such information or material, then, as soon as you become aware of this obligation to disclose, you will, subject to applicable law, provide Aurinia with prompt written notice so that Aurinia may seek a protective order or other appropriate remedy and/or waive compliance with the provisions of this Agreement;

(ii) if Aurinia agrees that the disclosure is required by law, it will give you written authorization to disclose the information for the required purposes only;

(iii) if Aurinia does not agree that the disclosure is required by law, this Agreement will continue to apply, except to the extent that a Court of competent jurisdiction orders otherwise; and

(iv) if a protective order or other remedy is not obtained or if compliance with this Agreement is waived, you will furnish only that portion of the Confidential Information that is legally required and will exercise all reasonable efforts to obtain confidential treatment of such Confidential Information.

3. **ASSIGNMENT OF INTELLECTUAL PROPERTY RIGHTS**

3.1 **Notice of Invention**. You agree to promptly and fully inform Aurinia of all your Work Product, whether or not patentable, throughout the course of your involvement, in any capacity, with Aurinia, whether or not developed before or after your execution of this Agreement. On your ceasing to be employed by U.S. Sub for any reason whatsoever, you will immediately deliver up to Aurinia all of your Work Product. You further agree that a11 of your Work Product shall at all times be the Confidential Information of Aurinia.

3.2 **Assignment of Rights**. You will assign, and do hereby assign, to Parent or, at the option of Parent and upon notice from Parent, to Parent's designee, your entire right, title and interest in and to all of your Work Product during your involvement, in any capacity, with Aurinia and all other rights and interests of a proprietary nature in and associated with your Work Product, including all patents, patent applications filed and other registrations granted thereon. To the extent that you retain or acquire legal title to any such rights and interests, you hereby declare and confirm that such legal title is and will be he1d by you only as trustee and agent for Aurinia You agree that Aurinia's rights hereunder shall attach to all of your Work Product, notwithstanding that it may be perfected or reduced to specific form after you have terminated your relationship with Aurinia. You

further agree that Aurinia's rights hereunder are worldwide rights and are not limited to the United States but shall extend to every country of the world.

3.3 **Moral Rights**. Without limiting the foregoing, you irrevocably waive any and all moral rights arising under the Copyright Act (Canada), as amended, as applicable, or any successor legislation of similar force and effect or similar legislation in other applicable jurisdictions or at common law that you may have with respect to your Work Product, and agree never to assert any moral rights which you may have in your Work Product, including, without limitation, the right to the integrity of such Work Product, the right to be associated with the Work Product, the right to restrain or claim damages for any distortion, mutilation or other modification or enhancement of the Work Product and the right to restrain the use or reproduction of the Work Product in any context and in connection with any product, service, cause or institution, and you further confirm that Aurinia may use or alter any such Work Product as Aurinia sees fits in its absolute discretion.

3.4 **Goodwill**. You hereby agree that all goodwill you have established or may establish with clients, customers, suppliers, principals, shareholders, investors, collaborators, strategic partners, licensees, contacts or prospects of Aurinia relating to the business or affairs of Aurinia (or of its partners, subsidiaries or affiliates), both before and after the Effective Date, shall, as between you and Aurinia, be and remain the property of Aurinia exclusively, for Aurinia to use, alter, vary, adapt and exploit as Aurinia shall determine in its discretion.

3.5 **Assistance.** You hereby agree to reasonably assist Aurinia at Aurinia's request and expense in:

(a) making patent applications for your Work Product, including instructions to lawyers and/or patent agents as to the characteristics of your Work Product in sufficient detail to enable the preparation of a suitable patent specification, to execute all formal documentation incidental to an application for letters patent and to execute assignment documents in favour of Aurinia for such applications;

(b) making applications for all other forms of intellectual property registration relating to your Work Product;

(c) prosecuting and maintaining the patent applications and other intellectual property relating to your Work Product; and

(d) registering, maintaining and enforcing the patents and other intellectual property
. registrations relating to your Work Product.

3.6 Assistance with Proceedings. You further agree to reasonably assist Aurinia, at Aurinia's request and expense, in connection with any defense to an allegation of infringement of another person's intellectual property rights, claim of invalidity of another person's intellectual property rights, opposition to, or intervention regarding, an application for letters patent, copyright or trademark or other proceedings relating to intellectual property or applications for registration thereof.

4. **GENERAL**

4.1 **Term and Duration of Obligation**. The term of this Agreement is from the Effective Date and terminates on the date that you are no longer working at or for Aurinia. Except as otherwise agreed in a

written instrument signed by Aurinia, Article 2 shall survive the termination of this Agreement, including your obligations of confidentiality and to return Confidential Information, and shall endure, with respect to each item of Confidential Information, for so long as those items fall within the definition of Confidential Information. Sections 1.1, 32, 3.3, 3.4, 3.5, 3.6, 3.7, 4.1, 4.2, 4.4,4.5, 4.6, 4.7, 4.8, 4.9, 4.10, 4.1 l, 4.12 and 4.13 shall also survive the termination of this Agreement.

4.2 **Binding Nature of Agreement** This Agreement is not assignable by you. You agree that this Agreement shall be binding upon your heirs and estate.

4.3 **Non-Competition**. While you are an employee of Aurinia, you will not provide services to or enter into a contract of employment or service in any capacity for any business which is in any way competitive with Aurinia's Business without the prior written consent of Aurinia.

4.4 **No Solicitation of Employees, Consultant or Contractors**. You agree that during the period of your employment and for the one (1) year period thereafter, you will not, as an officer, director, employee, consultant, owner, partner or in any other capacity either directly or indirectly or through others, except on behalf of Aurinia, solicit, induce, encourage, or participate in soliciting, inducing or encouraging any person known to you to be an employee, consultant, or independent contractor of Aurinia to terminate his or her relationship with Aurinia.

4.5 **No Conflicting Obligations**. You represent and warrant that you will not use OT disclose to other persons at Aurinia information that (i) constitutes a trade secret of persons other than Aurinia during your employment at Aurinia, or (ii) which is confidential information owned by another person. You represent and warrant that you have no agreements with or obligations to others with respect to the matters covered by this Agreement or concerning the Confidential Information that are in conflict with anything in this Agreement.

4.6 **Equitable Remedies**. You acknowledge and agree that a breach by you of any of your obligations under this Agreement may result in damages to Aurinia that may not be adequately compensated by monetary award. Accordingly, in the event of any such breach by you, in addition to all other remedies available to Aurinia at law or in equity, Aurinia shall be entitled as a matter of right to apply to a court of competent jurisdiction for such relief by way of restraining order, injunction, decree or otherwise, as may be appropriate to ensure compliance with the provisions of this Agreement, without having to prove damages to the court.

4.7 **Publicity.** You shall not, without the prior written consent of Aurinia, make or give any public announcements, press releases or statements to the public or the press regarding your Work Product or any Confidential lnformation.

4.8 **Severability.** If any covenant or provision of this Agreement or of a section of this Agreement is determined by a court of competent jurisdiction to be void or unenforceable in whole or in part, then such void or unenforceable covenant or provision shall not affect or impair the enforceability or validity of the balance of the section or any other covenant or provision.

4.9 **Time of Essence/No Waiver**. Time is of the essence hereof and no waiver, delay, indulgence, or failure to act by Aurinia regarding any particular default or omission by you shall affect or impair any of Aurinia's rights or remedies regarding that or any subsequent default or omission that is not expressly waived in writing, and in all events time shall continue to be of the essence without the necessity of specific reinstatement.

4.10 **Further Assurances.** The parties will execute and deliver to each other such further instruments and assurances and do such further acts as may be required to give effect to this Agreement

4.11 **Notices**. All notices and other communications that are required or permitted by this Agreement must be in writing and shall be hand delivered or sent by express delivery service or certified or registered mail, postage prepaid, or by facsimile transmission (with written confirmation copy by registered first-class mail) to the parties at the addresses indicated below.

If to the Corporation or Parent:

Aurinia Pharmaceuticals Inc. 1203 - 4464 Markham Street Victoria, B.C. V8Z 7X9 Attention: Chief Operating Officer

If to Max Colao:

Max Colao
[redacted]

Any such notice shall be deemed to have been received on the earlier of the date actually received or the date five (5) days after the same was posted or sent. Either party may change its address or its facsimile number by giving the other party written notice, delivered in accordance with this Section 4.1 I.

4.12 **Amendment**. No amendment, modification,. Supplement or other purported alteration of
this Agreement shall be binding unless it is in writing and signed by you and by Aurinia.

4.13 **Entire Agreement**. This Agreement supersedes all previous dealings, understandings, and expectations of the parties and constitutes the whole agreement with respect to the matters contemplated hereby, and there are no representations, warranties, conditions or collateral agreements between the parties with respect to such transactions except as expressly set out herein.

4.14 **Governing Law.** This Agreement shall be governed by and interpreted in accordance with the laws of the State of Delaware and the parties hereto agree to the exclusive jurisdiction of the state and federal courts of such state.

4.15 **Independent Legal Advice**. You hereby acknowledge that you have obtained or have had an opportunity to obtain independent legal advice in connection with this Agreement, and further acknowledge that you have read, understand, and agree to be bound by all of the terms and conditions contained herein.

4.16 **Acceptance.** If the foregoing terms and conditions are acceptable to you, please indicate your acceptance of and agreement to the terms and conditions of this Agreement by signing below on this letter and on the enclosed copy of this letter in the space provided and by returning the enclosed copy so executed to us. Your execution and delivery to Aurinia of the enclosed copy of this letter will create a binding agreement between us.

[Signature Page Follows]

Thank you for your cooperation in this matter. Yours truly,

AURINIA PHARMA U.S., INC.
(a Delaware corporation)

/s/ Dennis Bourgeault
Authorized Signatory

Accepted and agreed

/s/ Max Colao

Exhibit 10.12

SCHEDULE D DESCRIPTION OF BUSINESS

"Aurinia's Business" shall m the businesses actually carried on by the Corporation, directly or indirectly, whether under an agreement with or in collaboration with, any other party including but not exclusively, related to the development and commercialization of pharmaceutical products for the treatment of Lupus Nephritis. Dry Eye Syndrome, Focal Segmental Glomerulosclerosis, and related diseases.

SCHEDULE E

EXCEPTIONS TO RESTRICTIVE COVENANT

None.

EMPLOYMENT AGREEMENT AURINIA PHARMA U.S., INC.

PRIVATE AND CONFIDENTIAL **July 15, 2019**

Max Donley
[redacted]

Dear Max:

Re: Terms of Employment with Aurinia Pharma U.S., Inc.

This Employment Agreement ***("Agreement")*** sets forth the terms and conditions of your employment with Aurinia Pharma U.S., Inc. (the ***"Corporation"),*** a Delaware corporation and wholly owned subsidiary of Aurinia Pharmaceuticals Inc., a corporation under the laws of the Province of Alberta ***("Parent'),*** and will constitute your employment agreement. Those terms and conditions are set out below:

1. **Position and Duties.** You will be employed by the Corporation as Senior Vice President, Corporate Communications & Investor Relations, having such duties and functions as assigned by the Parent's Chief Executive Officer (to whom you will report). Please note that the Corporation may change titles, duties, reporting relationship and compensation from time to time at its discretion.

2. **Term.** The terms and conditions of this Agreement shall have effect as of and from the date your employment commences on July 17, 2019 (the ***"Effective Date")*** and your employment shall continue until terminated as provided in this Agreement.

3. **Base Salary.** The Corporation shall pay you a base salary at the rate of USD $370,000 per year (the ***"Base Salary"),*** payable semi-monthly, subject to applicable withholdings. As a managerial employee of the Corporation, you are not entitled to overtime pay and your compensation noted above represents your pay for all hours worked for the Corporation.

4. **Annual Review.** The Board of Directors of Parent (the ***"Board")*** or the Compensation Committee of the Board (the ***"Compensation Committee"*** in conjunction with the Chief Executive Officer, shall review your Base Salary annually. This review shall not result in a decrease of your Base Salary nor shall it necessarily result in an increase in your Base Salary and any increase shall be in the sole discretion of the Board or Compensation Committee.

Certain identified information has been excluded from this exhibit because it both (i) is not material and (ii) would be competitively harmful if publicly disclosed.

5. **Performance Bonus.** Parent shall review the performance of your duties and functions under this Agreement annually, and you shall be eligible to receive a cash bonus with a target payment of 40% of your Base Salary based on achieving certain corporate objectives set by the Board and by the Chief Executive Officer of the Corporation (initially weighted 40% personal and 60% corporate). Parent, in its sole discretion, will determine if you and Parent have met the established corporate performance objectives, and the President and Chief Executive Officer of the Corporation, in their sole discretion (but in consultation with the Board or the Compensation Committee) will determine if you have met the established personal performance objectives, each within a reasonable time following the end of each fiscal year. Subject to Section 14 (Termination by the Corporation Without Cause), performance bonuses will be deemed earned following such determination by Parent and the Chief Executive Officer and you must remain employed as of the date of payment in order to be eligible to receive a performance bonus. Any performance bonus payments shall be made not later than March 15 following the end of the fiscal year for which they are earned, subject to the withholding of all applicable deductions by the Corporation.

6. **Benefits.** You will be eligible for the Corporation's standard benefits, subject to the applicable terms and conditions of such plans. Please note that the Corporation may change benefits from time to time at its discretion.

7. **Vacation.** During your employment with the Corporation under this Agreement, you will be entitled to accrue 20 days of paid vacation and will also be eligible for paid U.S. holidays. The Corporation reserves the right, acting reasonably, to request that vacations be scheduled so as not to conflict with critical business operations.

8. **Reimbursement for Expenses.** During your employment under this Agreement, the Corporation shall reimburse you for reasonable travelling and other expenses actually and properly incurred by you in connection with the performance of your duties and functions, such reimbursement to be made in accordance with, and subject to, the policies of the Corporation from time to time. For all such expenses you will be required to keep proper accounts and to furnish statements, vouchers, invoices and/or other supporting documents to the Corporation.

9. **Stock Options.** You will receive an initial stock option grant pursuant to Parent's Incentive Stock Option Plan (the "Initial Grant"). The Initial Grant will be for 250,000 options and will be granted by Parent as soon as practicable (such date being the "Grant Date") following the commencement of your employment. The Initial Grant will (i) vest at 12136^{th} on the 12 month anniversary date and thereafter, 1136^{th} per month over the next 24 months, such that the Initial Grant will be fully vested on the three year anniversary of the Grant Date; (ii) have an exercise price equal to the closing price of Parent's common shares as reported on the Toronto Stock Exchange on the day immediately prior to the Grant Date; and (iii) have a term of ten years. Any additional stock options or other equity-based awards granted to you will be upon such terms as the Board or the Compensation Committee may determine in its discretion, as the case may be. For greater

certainty, payment of any severance pursuant to Section 10 (Termination by the Corporation Without Cause) will not be considered as extending the period of your employment with respect to the vesting or exercise of any such options or other equity-based awards granted.

10. Termination by the Corporation Without Cause.

(a) If the Corporation terminates your employment without Cause (as defined below), other than for death or disability, then the Corporation shall pay you severance payments as described in this Section 10, subject to receipt by the Corporation of an effective release of claims by you in the form attached as **Schedule A.** In no event will severance payments or termination benefits be paid or provided until such release becomes effective and irrevocable.

(b) You will receive severance pay on the Corporation's regular payroll dates for a period equal to six months, plus one additional month for each full year of employment, up to a maximum of 18 months in aggregate, equal to your then current Base Salary as set out in Section 3 (Base Salary) and as adjusted from time to time in accordance with Section 4 (Annual Review) (such period of time is the ***"Severance Period").***

(c) The Corporation will determine in its sole discretion which personal and corporate objectives have been accomplished in part or in full pursuant to Section 5 (Performance Bonus) through the date of termination. Based on the objectives which have been accomplished in part or in full, you will be eligible to receive a lump sum payment of a performance bonus but not later than the earlier of (i) March 15 of the applicable following year or (ii) the date that performance bonuses are otherwise paid to Parent's officers for such year.

(d) Provided that you timely elect continued coverage under COBRA, then the Corporation will reimburse you for your COBRA premiums during the Severance Period. This benefit will cease in the event you are no longer eligible for COBRA or you obtain health insurance coverage through new employment.

(e) In addition, the Corporation will arrange for you to be provided with such outplacement career counselling services as are reasonable and appropriate, to assist you in seeking new employment, up to a maximum of $10,000.

(f) You shall not be required to mitigate the amount of any payment provided for in this Section 10 by seeking other employment or otherwise, nor will any sums actually received reduce the severance payments.

11. **Termination by the Corporation for Cause.** The Corporation may terminate your employment for Cause at any time without any notice or severance. In this Agreement, **"Cause"** shall include, but not be limited to, the following:

(a) the commission of theft, embezzlement, fraud, obtaining funds or property under false pretences or similar acts of misconduct with respect to the property of the Corporation or its employees or the Corporation's customers or suppliers;

(b) your entering of a guilty plea or conviction for any crime involving fraud, misrepresentation or breach of trust, or for any serious criminal offense that impacts adversely on the Corporation;

(c) willful misconduct or gross negligence in performance of your duties hereunder, including your refusal to comply in any material respect with the legal directives of the Corporation or the Board so long as such directives are not inconsistent with your position and duties or inconsistent with any other legal obligation or requirement, and such refusal to comply is not remedied within ten (10) working days after written notice from the Corporation or the Board, which written notice shall state that failure to remedy such conduct may result in termination for Cause; or

(d) your material breach of any element of this Agreement, which breach (if determined in good faith by the Corporation or the Board to be curable) is not remedied within ten (10) working days after written notice from the Corporation or the Board, which written notice shall state that failure to remedy such conduct may result in termination for Cause.

any of which shall entitle the Corporation to terminate your employment under this Section 111.

12. **Taxes.** You expressly acknowledge and agree that the Corporation will be entitled to make any tax withholding from your compensation as it deems reasonably necessary to comply with applicable taxation laws, rules and regulations.

The Corporation will reimburse you for the reasonable expenses incurred by you if preparation of tax returns are required to be filed in Canada.

13. **Compliance with Insider Trading Guidelines and Restrictions.** Parent may from time to time publish trading guidelines and restrictions for its employees, officers and directors as are considered by the Board, in its discretion, prudent and necessary for a publicly listed company. It is a term of your employment of the Corporation that you comply with such guidelines and restrictions.

14. **Location.** You will be required to perform your duties and functions for Aurinia from your home based office in Virginia or as mutually agreed, spending time at the Victoria office as needed. Your role shall include travel for various business purposes, including but not limited to travel for meetings at the Parent's other offices from time to time.

15. **Service to Employer.** During your employment under this Agreement you will:

(a) perform your duties to the Corporation in good faith;

(b) act in and promote the best interests of the Corporation;

(c) apply your skill and experience to the performance of your duties and responsibilities and devote substantially the whole of your working time, attention and energies to the business and affairs of the Corporation;

(d) comply with all lawful policies and procedures put in place by the Corporation from time to time; and

(e) except as set forth below, not, without the prior approval of the Board, carry on or be engaged in any other business or occupation or become a director, officer, employee or agent of or hold any position or office with any other corporation, firm or person, except as a volunteer for a non-profit organization or in respect of civic or community activities, provided that such activities do not materially interfere with the performance of your duties under this Agreement.

16. **At-Will Employment.** Your employment with the Corporation will be "at-will" employment and you may be terminated at any time with or without cause or notice. You understand and agree that neither your job performance nor promotions, commendations, bonuses or the like from the Corporation give rise to or in any way serve as the basis for modification, amendment, or extension, by implication or otherwise, of your employment with the Corporation. However, as described in this Agreement, you may be entitled to severance benefits depending on the circumstances of your termination of employment with the Corporation.

17. **Termination Following Change in Control of Parent.** Concurrently with execution and delivery of this Agreement, you and Parent shall enter into a "Change in Control Agreement" in the form attached hereto as **Schedule B** setting out the compensation provisions to be applicable in the event of the termination of your employment with the Corporation in certain circumstances following a "Change in Control" of Parent (as defined in the Change in Control Agreement).

18. **No Additional Compensation upon Termination.** It is agreed that neither you nor the Corporation shall, as a result of the termination of your employment, be entitled to any notice, fee, salary, bonus, severance or other payments, benefits or damages arising by virtue of, or in any way relating to, your employment or any other relationship with the Corporation (including termination of such employment or relationship) in excess of what is specified or provided for in Section 10 (Termination by the Corporation Without Cause) or Section 17 (Termination Following Change in Control of Parent), whichever is applicable. For the avoidance of doubt, in the event of the termination of your employment you may be entitled to either the benefits set forth in Section 10 of this Agreement or in the Change in Control Agreement, but not both. Payment of any amount whatsoever pursuant to Section 100 (Termination by the Corporation Without Cause) or Section 177 (Termination Following Change in Control) shall be subject to the withholding of all applicable statutory deductions by the Corporation.

19. Section 409A.

(a) Notwithstanding anything to the contrary in this Agreement, no severance pay or benefits to be paid or provided to you, if any, pursuant to this Agreement that, when considered

together with any other severance payments or separation benefits, are considered deferred compensation under Internal Revenue Code of 1986, as amended (the ***"Code"),*** Section 409A, and the final regulations and any guidance promulgated thereunder ***("Section 409A***") (together, the ***"Deferred Payments")*** will be paid or otherwise provided until you have a "separation from service" within the meaning of Section 409A. Each payment and benefit payable under this Agreement is intended to constitute a separate payment for purposes of Section 1.409A-2(b)(2) of the Treasury Regulations.

(b) Any severance payments or benefits under this Agreement that would be considered Deferred Payments will be paid on, or, in the case of installments, will not commence until, the sixtieth (60^{th}) day following your separation from service, or, if later, such time as required by Section 18(c). Except as required by Section 18(c), any installment payments that would have been made to you during the sixty (60) day period immediately following your separation from service but for the preceding sentence will be paid to you on the sixtieth (60^{th}) day following your separation from service and the remaining payments shall be made as provided in this Agreement.

(c) Notwithstanding anything to the contrary in this Agreement, if you are a "specified employee" within the meaning of Section 409A at the time of your termination (other than due to death), to the extent delayed commencement of any portion of the Deferred Payments to which you are entitled under this Agreement is required in order to avoid a prohibited distribution under Section 409A(a)(2)(B)(i) of the Code, then the Deferred Payments that are payable within the first six (6) months following your separation from service, will become payable on the first payroll date that occurs on or after the date six (6) months and one (1) day following the date of your separation from service. All subsequent Deferred Payments, if any, will be payable in accordance with the payment schedule applicable to each payment or benefit. Notwithstanding anything herein to the contrary, if your die following your separation from service, but prior to the six (6) month anniversary of the separation from service, then any payments delayed in accordance with this paragraph will be payable in a lump sum as soon as administratively practicable after the date of your death and all other Deferred Payments will be payable in accordance with the payment schedule applicable to each payment or benefit.

(d) Any amount paid under this Agreement that satisfies the requirements of the "short-term deferral" rule set forth in Section l.409A-l(b)(4) of the Treasury Regulations will not constitute Deferred Payments for purposes of clause (i) above.

(e) Any amount paid under this Agreement that qualifies as a payment made as a result of an involuntary separation from service pursuant to Section 1.409A-1(b)(9)(iii) of the Treasury Regulations that does not exceed the Section 409A Limit (as defined below) will not constitute Deferred Payments for purposes of clause (a) above.

(t) The foregoing provisions are intended to comply with the requirements of Section 409A so that none of the severance payments and benefits to be provided hereunder will be subject to the

additional tax imposed under Section 409A, and any ambiguities herein will be interpreted to so comply. The Corporation and you agree to work together in good faith to consider amendments to this Agreement and to take such reasonable actions which are necessary, appropriate or desirable to avoid imposition of any additional tax or income recognition prior to actual payment to you under Section 409A.

(g) For purposes of this Agreement, **"Section 409A Limit"** will mean two (2) times the lesser of: (i) your annualized compensation based upon the annual rate of pay paid to you during your taxable year preceding the taxable year of your separation from service as determined under Treasury Regulation Section 1.409A-l(b)(9)(iii)(A)(l) and any Internal Revenue Service guidance issued with respect thereto; or (ii) the maximum amount that may be taken into account under a qualified plan pursuant to Section 401(a)(l7) of the Internal Revenue Code for the year in which your separation from service occurred.

20. **Limitation on Payments.** In the event that the severance and other benefits provided for in this Agreement or otherwise payable to you (i) constitute "parachute payments" within the meaning of Section 2800 of the Code and (ii) but for this Section 19, would be subject to the excise tax imposed by Section 4999 of the Code, then your severance benefits will be either:

(a) delivered in full, or

(b) delivered as to such lesser extent which would result in no portion of such severance benefits being subject to the excise tax under Section 4999 of the Code,

whichever of the foregoing amounts, taking into account the applicable federal, state and local income taxes and the excise tax imposed by Section 4999, results in the receipt by you on an after tax basis, of the greatest amount of severance benefits, notwithstanding that all or some portion of such severance benefits may be taxable under Section 4999 of the Code.

If a reduction in the severance and other benefits constituting "parachute payments" is necessary so that no portion of such severance benefits is subject to the excise tax under Section 4999 of the Code, the reduction shall occur on a non-discretionary basis in such a way as to minimize the reduction in the economic value deliverable to you. Where one payment or benefit has the same value for this purpose and they are payable at different times, they will be reduced on a pro rata basis. If, as a result of subsequent events or conditions, it is determined that payments have been reduced by more than the minimum amount required, then an additional payment shall be made to you in an amount equal to the excess reduction within 60 days of the date on which the amount of the excess reduction is determined, but not later than December 31 of the year in which the excess reduction is determined. In the event that acceleration of vesting of equity

award compensation is to be reduced, such acceleration of vesting shall be cancelled in the reverse order of the date of grant of your equity awards.

Unless the Corporation and you otherwise agree in writing, any determination required under this Section 19 will be made in writing by an independent firm immediately prior to the Change in Control (the ***"Firm"***), whose determination will be conclusive and binding upon you and the Corporation for all purposes. For purposes of making the calculations required by this Section 19, the Firm may make reasonable assumptions and approximations concerning applicable taxes and may rely on reasonable, good faith interpretations concerning the application of Sections 280G and 4999 of the Code. The Corporation and you will furnish to the Firm such information and documents as the Firm may reasonably request in order to make a determination under this Section 19. The Corporation will bear all costs the Firm may reasonably incur in connection with any calculations contemplated by this Section 19.

21. **Confidentiality and Assignment of Inventions.** Concurrently with execution and delivery of this Agreement and in consideration of your employment by the Corporation, you and the Corporation will enter into a "Confidentiality Agreement and Assignment of Inventions" in the form attached hereto as **Schedule C.**

22. **Disclosure of Conflicts of Interest.** During your employment with the Corporation, you will promptly and fully disclose to the Corporation in writing:

(a) the nature and extent of any interest you or your Associates (as hereinafter defined) have or may have, directly or indirectly, in any contract or transaction or proposed contract or transaction with the Parent, the Corporation or any other subsidiary, affiliate or successor of the Parent or the Corporation;

(b) every office you may hold or acquire, and every property you or your Associates may possess or acquire, whereby directly or indirectly a duty or interest might be created in conflict with the interests of the Corporation or the Parent or your duties and obligations under this Agreement; and

(c) the nature and extent of any conflict referred to in subsection (b) above.

In this Agreement the expression **"Associate"** shall include all those persons and entities that are included within the definition or meaning of "associate" as set forth in Section 1(1) of the *Securities Act* (British Columbia), as amended, or any successor legislation of similar force and effect, and shall also include your spouse, children, parents, brothers and sisters. For this purpose, the definition of "associate" in the *Securities Act* (British Columbia) is as follows if used to indicate a relationship with any person:

(i) a partner, other than a limited partner, of that person,

(ii) a trust or estate in which that person has a substantial beneficial interest or for which that person serves as trustee or in a similar capacity,

(iii) an issuer in respect of which that person beneficially owns or controls, directly or indirectly, voting securities carrying more than 10% of the voting rights attached to all outstanding voting securities of the issuer or

(iv) a relative, including the spouse, of that person or a relative of that person's spouse, if the relative has the same home as that person.

23. **Avoidance of Conflicts of Interest.** You acknowledge that it is the policy of the Corporation that all interests and conflicts of the sort described in Section 222 (Disclosure of Conflicts of Interest) be avoided, and you agree to comply with all policies and directives of the Board from time to time regulating, restricting or prohibiting circumstances giving rise to interests or conflicts of the sort described in Section 22 (Disclosure of Conflicts of Interest). During your employment with the Corporation, without Board approval, in its sole discretion, you shall not enter into any agreement, arrangement or understanding with any other person or entity that would in any way conflict or interfere with this Agreement or your duties or obligations under this Agreement or that would otherwise prevent you from performing your obligations hereunder, and you represent and warrant that you or your Associates have not entered into any such agreement, arrangement or understanding.

24. **Provisions Reasonable.** It is acknowledged and agreed that:

(a) both before and since the Effective Date, the Corporation and Parent have operated and competed and will operate and compete in a global market, with respect to the business of the Corporation and Parent set out in **Schedule D** attached hereto (the **"Business");**

(b) competitors of the Corporation, Parent and the Business are located in countries around the world;

(c) in order to protect the Corporation and Parent adequately, any enjoinder of competition would have to apply world wide;

(d) during the course of your employment by the Corporation, both before and after the Effective Date, on behalf of the Corporation and Parent, you have acquired and will acquire knowledge of, and you have come into contact with, initiated and established relationships with and will come into contact with, initiate and establish relationships with, both existing and new clients, customers, suppliers, principals, contacts and prospects of the Corporation and Parent, and that in some circumstances you have been or may well become the senior or sole representative of the Corporation and Parent dealing with such persons; and

(e) in light of the foregoing, the provisions of Section 25 (Restrictive Covenant) below are reasonable and necessary for the proper protection of the business, property and goodwill of the Corporation and the Business.

25. **Restrictive Covenant.** Subject to the exceptions set out in **Schedule E** attached hereto, you agree that you will not, either alone or in partnership or in conjunction with any person, firm, company, corporation,

syndicate, association or any other entity or group, whether as principal, agent, employee, director, officer, shareholder, consultant or in any capacity or manner whatsoever, whether directly or indirectly, for the Term of Employment and continuing for a period of 6 months from the lawful termination of your employment, regardless of the reason for such termination:

(a) carry on or be engaged in, concerned with or interested in, or advise, invest in or give financial assistance to, any business, enterprise or undertaking that:

(i) is involved in the Business or in the sale, distribution, development or supply of any product or service that is competitive with the Business or any product or service of the Business; or

(ii) competes with the Corporation or Parent with respect to any aspect of the Business;

provided, however, that the foregoing will not prohibit you from acquiring, solely as an investment and through market purchases, securities of any such enterprise or undertaking which are publicly traded, so long as you are not part of any control group of such entity and such securities, which if converted, do not constitute more than 5% of the outstanding voting power of that entity;

(b) solicit, agree to be employed by, or agree to provide services to any person, firm, company or other entity that was a client, customer, supplier, principal, shareholder, investor, collaborator, strategic partner, licensee, contact or prospect of the Corporation or Parent during the time of your employment with the Corporation, whether before or after the Effective Date, for any business purpose that is competitive with the Business or any product or service of the Business; or

(c) divert, entice or take away from the Corporation or Parent or attempt to do so or solicit for the purpose of doing so, any business of the Corporation or Parent, or any person, firm, company or other entity that was an employee, client, customer, supplier, principal, shareholder, investor, collaborator, strategic partner, licensee, contact or prospect of the Corporation or Parent during the time of your employment with the Corporation, whether before or after the Effective Date.

26. **Indemnification.** Parent agrees to indemnify and hold you harmless to the fullest extent permitted by the laws of Canada and the State of Connecticut and under the bylaws of Parent and the Corporation . In connection therewith, Parent and the Corporation shall maintain the protection of insurance policies for your benefit (and the benefit of the Parent's and the Corporation's directors and officers), against all costs, charges and expenses whatsoever incurred or sustained by you in connection with any action, suit or proceeding to which you may be made a party by reason of you being or having been a director, officer or employee of the Parent or the Corporation or both. This provision shall survive any termination of your employment hereunder.

27. **Remedies.** You acknowledge and agree that any breach or threatened breach of any of the provisions of Section 103 (Compliance with Insider Trading and Guidelines and Restrictions), Section 155 (Service to

Employer), Section 21 (Confidentiality and Assignment of Inventions), Section 22 (Disclosure of Conflicts of Interest), Section 23 (Avoidance of Conflicts of Interest) or Section 25 (Restrictive Covenant) could cause irreparable damage to the Corporation or its partners, subsidiaries or affiliates, that such harm could not be adequately compensated by the Corporation's recovery of monetary damages, and that in the event of a breach or threatened breach thereof, the Corporation shall have the right to seek an injunction, specific performance or other equitable relief as well as any equitable accounting of all your profits or benefits arising out of any such breach. It is further acknowledged and agreed that the remedies of the Corporation specified in this Section 27 are in addition to and not in substitution for any rights or remedies of the Corporation at law or in equity and that all such rights and remedies are cumulative and not alternative and that the Corporation may have recourse to any one or more of its available rights or remedies as it shall see fit.

28. **Binding Effect.** This Agreement shall be binding upon and inure to the benefit of the Corporation and its successors and assigns. Your rights and obligations contained in this Agreement are personal and such rights, benefits and obligations shall not be voluntarily or involuntarily assigned, alienated or transferred, whether by operation of law or otherwise, without the prior written consent of the Corporation. This Agreement shall otherwise be binding upon and inure to the benefit of your personal or legal representatives, executors, administrators, successors, heirs, distributees, devisees, legatees and permitted assigns.

29. **Agreement Confidential.** Both parties shall keep the terms and conditions of this Agreement confidential except as may be required to enforce any provision of this Agreement or as may otherwise be required by any law, regulation or other regulatory requirement.

30. **Governing; Law.** This Agreement shall be governed by and interpreted in accordance with the laws of the State of Delaware and the parties hereto agree to the exclusive jurisdiction of the state and federal courts of such state.

31. **Exercise of Functions.** The rights of Parent or the Corporation as provided in this Agreement may be exercised on behalf of the Parent or the Corporation only by the Board.

32. **Entire Agreement.** The terms and conditions of this Agreement are in addition to and not in substitution for the obligations, duties and responsibilities imposed by law on employees of corporations generally, and you agree to comply with such obligations, duties and responsibilities. Except as otherwise provided in this Agreement and except for any documentation regarding benefits under benefit plans, equity award agreements and related documentation, agreements and related documentation regarding indemnification rights and documents regarding your rights as a shareholder, this Agreement constitutes the entire agreement between the parties with respect to the subject matter hereof, and (except for the terms reserved to the Corporation's discretion) may only be varied by further written agreement signed by you and the Corporation. This Agreement supersedes any previous communications, understandings and agreements between you and the Corporation regarding your employment. It is acknowledged and agreed that this Agreement is mutually beneficial and is entered into for fresh and valuable consideration with the intent that it shall constitute a legally binding agreement.

33. **Further Assurances.** The parties will execute and deliver to each other such further instruments and assurances and do such further acts as may be required to give effect to this Agreement.

34. **Surviving; Obligations.** Your obligations and covenants under Section 21 (Confidentiality and Assignment of Inventions), Section 25 (Restrictive Covenant) and Section 27 (Remedies) shall survive the termination of this Agreement. Parent's and the Corporation's obligations under Section 10 (Termination by the Corporation Without Cause) and Section 26 (Indemnification) shall survive the termination of this Agreement.

35. **Independent Legal Advice.** You hereby acknowledge that you have obtained or have had an opportunity to obtain independent legal advice in connection with this Agreement, and further acknowledge that you have read, understand, and agree to be bound by all of the terms and conditions contained herein.

36. **Notice.** Any notice or other communication required or contemplated under this Agreement to be given by one party to the other shall be delivered or mailed by prepaid registered post to the party to receive same at the address as set out below:

If to the Corporation or Parent:

Aurinia Pharmaceuticals Inc. 1203 - 4464 Markham Street Victoria, B.C. V8Z 7X9 Attention: Chief Operating Officer

H to Matthew Donley:

Max Donley
[redacted]

Any notice delivered shall be deemed to have been given and received on the first business day following the date of delivery. Any notice mailed shall be deemed to have been given and received on the fifth business day following the date it was posted, unless between the time of mailing and actual receipt of the notice there shall be a mail strike, slow-down or other labour dispute which might affect delivery of the notice by mail, then the notice shall be effective only if actually delivered.

37. **Severability.** If any provision of this Agreement or any part thereof shall for any reason be held to be invalid or unenforceable in any respect, then such invalid or unenforceable provision or part shall be severable and severed from this Agreement and the other provisions of this Agreement shall remain in

effect and be construed as if such invalid or unenforceable provision or part had never been contained herein.

38. **Waiver.** Any waiver of any breach or default under this Agreement shall only be effective if in writing signed by the party against whom the waiver is sought to be enforced, and no waiver shall be implied by any other act or conduct or by any indulgence, delay or omission. Any waiver shall only apply to the specific matter waived and only in the specific instance in which it is waived.

39. **Counterparts.** This Agreement may be executed in any number of counterparts, each of which so executed shall be deemed to be an original, and such counterparts will together constitute but one Agreement.

If you accept and agree to the foregoing, please confirm your acceptance and agreement by signing the enclosed duplicate copy of this letter where indicated below and by returning it to us. You are urged to consider fully all the above terms and conditions and to obtain independent legal advice or any other advice you feel is necessary before you execute this agreement.

Yours truly,

AURINIA PHARMA U.S., INC.
(a Delaware corporation)

/s/ Dennis Bourgeault
Authorized Signatory

Accepted and agreed to by Max Donley as of July 15, 2019.

/s/ Max Donley

SCHEDULE A

AURINIA PHARMA U.S., INC.

FORM OF EMPLOYEE RELEASE

Certain identified information has been excluded from this exhibit because it both (i) is not material and (ii) would be competitively harmful if publicly disclosed.

In exchange for the severance benefits to be provided to me by the Corporation pursuant to my Employment Agreement with Aurinia Pharma U.S., Inc. (the ***"Corporation"),*** a Delaware corporation and a wholly-owned subsidiary of Aurinia Pharmaceuticals Inc., a corporation under the laws of the Province of Alberta ***("Parent"),*** dated July 15, 2019 and the Corporation's agreement therein, I hereby provide the following release.

I hereby generally and completely release the Corporation and Parent, its subsidiaries, successors, predecessors, and affiliates, and each of their respective directors, officers, employees, stockholders, shareholders, agents, attorneys, insurers, and assigns, from any and all claims, liabilities and obligations, both known and unknown, that arise out of or are in any way related to events, acts, conduct, or omissions occurring at any time prior to and including the date I sign this release. This general release includes, but is not limited to: (a) all claims arising out of or in any way related to my employment or the termination of that employment; (b) all claims related to my compensation or benefits, including salary, bonuses, commissions, vacation pay, expense reimbursements, severance pay, fringe benefits, stock, stock options, or any other ownership interests; (c) all claims for breach of contract, wrongful termination, and breach of the implied covenant of good faith and fair dealing; (d) all tort claims, including claims for fraud, defamation, emotional distress, and discharge in violation of public policy; and (e) all federal, state, provincial and local statutory claims, including claims for discrimination, harassment, retaliation, attorneys' fees, or other claims arising under the federal *Civil Rights Act* of 1964 (as amended), the federal *Americans with Disabilities Act* of 1990 (as amended), the federal *Employee Retirement Income Security Act* of 1974 (as amended).

Notwithstanding the foregoing, I understand that the following claims are not included in my release:
(a) any rights or claims for indemnification I may have pursuant to any written indemnification agreement; the charter, bylaws, or operating agreements of the Corporation and Parent; or under applicable law; (b) any rights which cannot be waived as a matter of law; (c) any rights I have to severance under my Employment Agreement; (d) any rights to vested benefits, equity compensation or other compensation; or (e) any rights I have as a shareholder of Parent. In **addition,** I **understand that nothing in this release prevents me from filing, cooperating with, or participating in any proceeding before the Equal Employment Opportunity Commission, the Department of Labor, or an analogous federal or state government agency.**

I acknowledge that I am knowingly and voluntarily waiving and releasing any rights I may have under the federal *Age Discrimination in Employment Act* (as amended) ***("ADEA"),*** and that the consideration for the waiver and release in the preceding paragraph hereof is in addition to anything of value to which I was already entitled. I further acknowledge that I have been advised by this writing, as required by the ADEA, that: (a) my waiver and release do not apply to any rights or claims that may arise after the date I sign this release; (b) I should consult with an attorney prior to signing this release (although I may choose voluntarily not do so); (c) I have 21 days to consider this release (although I may choose voluntarily to sign this release earlier); (d) I have seven days following the date I sign this release to revoke it by providing written notice to the Board of Directors of Parent; and (e) this release will not be effective until the date upon which the revocation period has expired, which will be the eighth day after I sign this release.

I understand that nothing in this release limits my ability to file a charge or complaint with the Equal Employment Opportunity Commission, the Department of Labor, the National Labor Relations Board, the Occupational Safety and Health Administration, the Securities and Exchange Commission or any other federal, state or local governmental agency or commission ("Government Agencies"). I further understand this release does not limit my ability to communicate with any Government Agencies or otherwise participate in any investigation or proceeding that may be conducted by any Government Agency, including providing documents or other information, without notice to the Corporation. While this release does not limit my 1ight to receive an award for information provided to the Securities and Exchange Commission, I understand and agree that, to maximum extent permitted by law, I am otherwise waiving any and all rights I may have to individual relief based on any claims that I have released, and any rights waived by signing this release.

I hereby represent that I have been paid all compensation owed and for all hours worked; I have received all the leave and leave benefits and protections for which I am eligible pursuant to the *Family and Medical Leave Act* or otherwise; and I have not suffered any on-the-job injury for which I have not already filed a workers' compensation claim.

I further acknowledge my continuing obligations under my Proprietary Information and Inventions Agreement.

I hereby agree not to disparage the Corporation, Parent or any of their respective officers, directors, employees, shareholders, and agents, in any manner likely to be harmful to its or their business, business reputations or personal reputations; provided that I may respond accurately and fully to any question, inquiry or request for information when permitted by applicable law.

I acknowledge that to become effective, I must sign and return this Release to the Corporation so that it is received not later than 21 (twenty-one) days following the date it is provided to me.

[Signature Page Follows]

Certain identified information has been excluded from this exhibit because it both (i) is not material and (ii) would be competitively harmful if publicly disclosed.

The Corporation and Parent each agrees (through its officers and directors) not to disparage the employee in any manner likely to be harmful to his business, business reputations or personal reputations; provided that the Corporation and Parent may respond accurately and fully to any question, inquiry or request for information when permitted by applicable law.

AURINIA PHARMA U.S., INC.
(a Delaware corporation)

Date:15-Jul-19

AURINIA PHARMACEUTICALS INC.
(a Province of Alberta corporation)

B y:
Authorized Signatory

Date: _ _ _ _ _ _ _ _ _ _ _ _ _ _ _

SCHEDULE D

AURINIA PHARMACEUTICALS INC.

July 15, 2019

Max Donley
[redacted]

Dear Matthew:

Certain identified information has been excluded from this exhibit because it both (i) is not material and (ii) would be competitively harmful if publicly disclosed.

Re: Change in Control Agreement

Aurinia Phannaceuticals Inc., a corporation under the laws of the Province of Alberta ***("Parent'),*** considers it essential to the best interests of its members to foster the continuous employment of its senior management team, including the senior management of Aurinia Pharma U.S., Inc. (the ***"Corporation"),*** a Delaware corporation and a wholly owned subsidiary of Parent. In this regard, the Board of Directors of Parent (the ***"Board")*** has determined that it is in the best interests of Parent and its shareholders that appropriate steps should be taken to reinforce and encourage management's continued attention, dedication and availability to the Parent and the Corporation in the event of a Potential Change in Control (as defined in Section 2), without being distracted by the uncertainties which can arise from any possible changes in control of the Parent.

In order to induce you to agree to remain in the employ of the Corporation, such agreement evidenced by the employment agreement entered into as of the date of this Agreement between you and the Corporation (the ***"Employment Agreement')*** and in consideration of your agreement as set forth in Section 3 below, the Corporation agrees that you shall receive and you agree to accept the severance and other benefits set forth in this Agreement should your employment with the Corporation be terminated subsequent to a Change in Control (as defined in Section 2) in full satisfaction of any and all claims that now exist or then may exist for remuneration, fees, salary, bonuses or severance arising out of or in connection with your employment by the Corporation or the termination of your employment:

1. **Term of Agreement.**

This Agreement shall be in effect for a term commencing on the Effective Date of the Employment Agreement (as therein defined) and ending on the date of termination of the Employment Agreement.

2. **Definitions.**

(a) ***"Affiliate"*** means a corporation that is an affiliate of Parent under the *Securities Act* (British Columbia), as amended from time to time.

(b) ***"Base Salary"*** shall mean the annual base salary, as referred to in Section 3 (Base Salary), of the Employment Agreement.

(c) ***"Bonus"*** shall mean the bonus referred to in Section 5 (Performance Bonus) of the Employment Agreement.

(d) ***"Cause"*** shall have the meaning set out in Section 11 (Termination by the Corporation for Cause) of the Employment Agreement.

(e) ***"Change in Control"*** of Parent shall be deemed to have occurred:

(i) any merger or consolidation in which voting securities of Parent possessing more than fifty percent (50%) of the total combined voting power of Parent's outstanding securities

are transferred to a person or persons different from the persons holding those securities immediately prior to such transaction and the composition of the board of directors of Parent following such transaction is such that the directors of Parent prior to the transaction constitute less than fifty percent (50%) of the membership of the board of directors of Parent following the transaction;

(ii) any acquisition, directly or indirectly, by an person or related group of persons (other than Parent or a person that directly or indirectly controls, is controlled by, or is under common control with, Parent) of beneficial ownership of voting securities of Parent possessing more than fifty percent (50%) of the total combined voting power of Parent's outstanding securities;

(iii) any acquisition, directly or indirectly, by a person or related group of persons of the right to appoint a majority of the directors of Parent; and

(iv) any sale, transfer or other disposition of all or substantially all of the assets of Parent;

provided however, that a Change in Control shall not be deemed to have occurred if such Change in Control results solely from the issuance, in connection with a bona fide financing or series of financings by Parent or any of its Affiliates, of voting securities of Parent or any of its Affiliates or any rights to acquire voting securities of Parent or any of its Affiliates which are convertible into voting securities. This definition of Change in Control is intended to conform to the definitions of "change in ownership of a corporation" and "change in ownership of a substantial portion of a corporation's assets" provided in Treasury regulation Sections 1.409A-3(i)(5)(v) and (vii).

(f) ***"Date of Termination"*** shall mean, if your employment is terminated, the date specified in the Notice of Termination.

(g) ***"Good Reason"*** shall mean the occurrence of one or more of the following events, without your express written consent, within 12 months of Change in Control:

(i) a material change in your status, position, authority or responsibilities that does not represent a promotion from or represents an adverse change from your status, position, authority or responsibilities in effect immediately prior to the Change in Control;

(ii) a material reduction by the Corporation or Parent, in the aggregate, in your Base Salary, or incentive, retirement, health benefits, bonus or other compensation plans

provided to you immediately prior to the Change in Control, unless an equitable arrangement has been made with respect to such benefits in connection with a Change in Control;

(iii) a failure by the Corporation or Parent to continue in effect any other compensation plan in which you participated immediately prior to the Change in Control (except for reasons

of non-insurability), including but not limited to, incentive, retirement and health benefits, unless an equitable arrangement has been made with respect to such benefits in connection with a Change in Control;

(iv) any request by the Parent or any affiliate of Parent that you participate in an unlawful act; or

(v) any purported termination of your employment by the Corporation after a Change in Control which is not effected pursuant to a Notice of Termination satisfying the requirements of clause (h) below and for the purposes of this Agreement, no such purported termination shall be effective.

In order to resign for Good Reason, you must provide written notice of the event giving rise to Good Reason to the Parent's Board of Directors within 90 days after the condition arises, allow the Parent or the Corporation 30 days to cure such condition, and if Parent or the Corporation fails to cure the condition within such period, your resignation from all positions you then hold with the Parent and Corporation must be effective not later than 90 days after the end of the 30-day cure period.

(h) ***"Notice of Termination"*** shall mean a notice, in writing, communicated to the other party in accordance with Section 6 below, which shall indicate the specific termination provision in this Agreement relied upon and shall set forth in reasonable detail the facts and circumstances claimed to provide a basis for termination of your employment under the provision so indicated.

(i) ***"Potential Change in Control"*** of Parent shall be deemed to have occurredif:

(i) Parent enters into an agreement, the consummation of which would result in the occurrence of a Change in Control;

(ii) any person (including Parent) publicly announces an intention to take or to consider taking actions which if consummated would constitute a Change in Control; or

(iii) the Board adopts a resolution to the effect that, for the purposes of this Agreement, a Potential Change in Control of Parent has occurred.

3. Potential Change in Control.

You agree that, in the event of a Potential Change in Control of Parent occurring after the Effective Date, and until12 months after a Change in Control, subject to your right to terminate your employment by issuing and delivering a Notice of Termination for Good Reason, you will continue to diligently carry out your duties and obligations, on the terms set out in the Employment Agreement.

4. Compensation Upon Termination Following Change in Control.

Subject to compliance by you with Section 3, upon your employment terminating pursuant to a Notice of Termination within 12 months after a Change in Control, the Corporation agrees that you shall receive and you agree to accept the following payments in full satisfaction of any and all claims you may have or then may have against the Corporation, for remuneration, fees, salary, benefits, bonuses or severance, arising out of or in connection with your employment by the Corporation or the termination of your employment:

(a) If your employment shall be terminated by the Corporation for Cause or by you other than for Good Reason, the terms of the Employment Agreement shall govern and the Corporation shall have no further obligations to you under this Agreement.

(b) If your employment by the Corporation shall be terminated by you for Good Reason or by the Corporation other than for Cause, then you shall be entitled to the payments and benefits provided below:

(i) subject to the withholding of all applicable statutory deductions, the Corporation shall pay you a lump sum equal to (A) 12 months' Base Salary plus one additional month for each full year of employment, up to a maximum of 18 months in aggregate, as referred to in Section 3 (Base Salary) of the Employment Agreement, plus (B) target Bonus for the year of termination;

(ii) to the extent permitted by law and subject to the terms and conditions of any benefit plans in effect from time to time, the Corporation shall maintain the benefits and payments set out in Section 6 (Benefits) of the Employment Agreement during the 12-month period following your termination date. The Corporation may, at its option, satisfy any requirement that the Corporation provide coverage under any benefit plan by (i) reimbursing your premiums under Title X of the *Consolidated Budget reconciliation Act* of 1985, as amended ***("COBRA")*** after you have properly elected continuation coverage under COBRA (in which case you will be solely responsible for electing such coverage for your eligible dependents), or (ii) providing the ash equivalent of such benefit as would have been provided during the severance period or a payment equivalent to the premium cost of such coverage during the severance period or providing coverage under a separate plan or plans providing coverage that is no less favorable to you than the terms of the plans in effect on your termination date. If the cash equivalent or premium cost is provided, such cash equivalent shall be paid in a lump sum in cash within 60 days following the date of termination of your employment.

(iii) the Corporation shall arrange for you to be provided with such outplacement career counselling services as are reasonable and appropriate, to assist you in seeking new employment; and

(iv) all stock options or other equity-based awards granted to you by Parent under any stock option or other equity-based award agreement that is entered into between you and the Corporation and is outstanding at the time of termination of your employment, which stock options or other equity-based awards have not yet vested, shall immediately vest upon the termination of your employment and shall be fully exercisable (to the extent applicable) by you in accordance with the terms of the agreement or agreements under which such options or other equity awards were granted.

Certain identified information has been excluded from this exhibit because it both (i) is not material and (ii) would be competitively harmful if publicly disclosed.

You shall not be required to mitigate the amount of any payment provided for in this Section 4 by seeking other employment or otherwise, nor will any sums actually received reduce the severance payments. The foregoing payments shall be subject to the provisions of Sections 19 and 20 of the Employment Agreement.

5. Binding Agreement.

This Agreement shall enure to the benefit of and be enforceable by your personal or legal representatives, executors, administrators, successors, heirs, distributees, devisees and legatees. If you die while any amount would still be payable to you under this Agreement if you had continued to live, that amount shall be paid in accordance with the terms of this Agreement to your devisee, legatee or other designee or, if there is no such designee, to your estate.

6. Notices.

Any notice or other communication required or contemplated under, this Agreement to be given by one party to the other shall be delivered or mailed by prepaid registered post to the party to receive same at the addresses set out below:

If to the Corporation or Parent:

Aurinia Pbannaceuticals Inc. 1203 - 4464 Markham Street Victoria,
B.C. V8Z 7X9
Attention: Chief Operating Officer

If to Matthew Donley:

Max Donley
[redacted]

Any notice delivered shall be deemed to have been given and received on the first business day following the date of delivery. Any notice mailed shall be deemed to have been given and received on the fifth business day following the date it was posted, unless between the time of mailing and actual receipt of the notice there shall be a mail strike, slow-down or other labour dispute which might affect delivery of the notice by mail. In such event, the notice shall be effective only if delivered.

7. Modification: Amendments: Entire Agreement.

This Agreement may not be modified, waived or discharged unless such waiver, modification or discharge is agreed to in writing and signed by you and such officer as may be specifically designated by the Board. No waiver by either party at any time of any breach by the other party of, or compliance with, any condition or provision of this Agreement to be performed by such other party will be deemed a waiver of similar or dissimilar provisions or conditions at the same or at any prior or subsequent time. Except as set forth in your Employment Agreement, no

agreements or representations, oral or otherwise, express or implied, with respect to the subject matter hereof have been made by either party which are not expressly set forth in this Agreement.

8. Governing Law.

This Agreement shall be governed by and interpreted in accordance with the laws of the State of Delaware and the parties hereto agree to the exclusive jurisdiction of the state and federal courts of such state.

9. Validity.

The invalidity or unenforceability of any provision of this Agreement shall not affect the validity or enforceability of any other provision of this Agreement, which shall remain in full force and effect.

10. No Employment or Service Contract

Nothing in this Agreement shall confer upon you any right to continue in the employment of the Corporation for any period of specific duration or interfere with or otherwise restrict in any way the rights of the Corporation or you, which rights are hereby expressly reserved by each, to terminate your employment at any time for any reason whatsoever, with or without cause.

If the foregoing sets forth our agreement on this matter, kindly sign and return to Parent a copy of this letter.

AURINIA PHARMA U.S., INC.
(a Delaware corporation)

/s/ Dennis Bourgeault
Authorized Signatory

AURINIA PHARMACEUTICALS INC.
(an Alberta corporation)

/s/ Dennis Bourgeault
Authorized Signatory

Accepted and agreed to by Max Donley as of July 15, 2019.

Certain identified information has been excluded from this exhibit because it both (i) is not material and (ii) would be competitively harmful if publicly disclosed.

/s/ Max Donley

SCHEDULE C

CONFIDENTIALITY AGREEMENT AND ASSIGNMENT OF INVENTIONS

AURINIA PHARMA U.S., INC.

PRIVATE AND CONFIDENTIAL

Max.Donley

As of July 15, 2019

Dear Max:

The purpose of this letter is to confirm and record the terms of the agreement (the ***"Agreement')*** between you and Aurinia Pharma U.S., Inc. ***("U.S. Sub"),*** a Delaware corporation and a wholly owned subsidiary of Aurinia Pharmaceuticals Inc., a corporation under the laws of the Province of Alberta ***("Parent'*** and, together with U.S. Sub, ***"Aurinia"),*** concerning the terms on which you will (i) receive from and disclose to Aurinia proprietary and confidential information; (ii) agree to keep the information confidential, to protect it from disclosure and to use it only in accordance with the terms of this Agreement; and (iii) assign to Parent all rights, including any ownership interest which may arise in all inventions and intellectual property developed or disclosed by you over the course of your work during your employment with U.S. Sub. The effective date ***("Effective Date")*** of this Agreement is July 15, 2019 provided and subject to your employment agreement between you and Aurinia dated as of July 15, 2019 taking effect in accordance with Section 2 (Term) thereof.

Certain identified information has been excluded from this exhibit because it both (i) is not material and (ii) would be competitively harmful if publicly disclosed.

In consideration of the offer of employment by Aurinia, you and Aurinia hereby agree as follows:

1. INTERPRETATION

1.1 Definitions. In this Agreement:

"Confidential Information", subject to the exemptions set out in Section 2.8, shall mean any information relating to Aurinia's Business (as hereinafter defined), whether or not conceived, originated, discovered, or developed in whole or in part by you, that is not generally known to the public or to other persons who are not bound by obligations of confidentiality and:

(i) from which Aurinia derives economic value, actual or potential, from the information not being generally known; or

(ii) in respect of which Aurinia otherwise has a legitimate interest in maintaining secrecy;

and which, without limiting the generality of the foregoing, shall include;

(iii) all proprietary information licensed to, acquired, used or developed by Aurinia in its research and development activities including but not restricted to the development and commercialization of pharmaceutical products for the treatment of Lupus and related diseases, other scientific strategies and concepts, designs, know-how, information, material, formulas, processes, research data and proprietary rights in the nature of copyrights, patents, trademarks, licenses and industrial designs;

(iv) all information relating to Aurinia's Business, and to all other aspects of Aurinia's structure, personnel, and operations, including financial, clinical, regulatory, marketing, advertising and commercial information and strategies, customer lists, compilations, agreements and contractual records and correspondence; programs, devices, concepts, inventions, designs, methods, processes, data, know-how, unique combinations of separate items that is not generally known and items provided or disclosed to Aurinia by third parties subject to restrictions on use or disclosure;

(v) all know-how relating to Aurinia's Business including, all biological, chemical, pharmacological, toxicological, pharmaceutical, physical and analytical, clinical, safety, manufacturing and quality control data and information, and all

applications, registrations, licenses, authorizations, approvals and correspondence submitted to regulatory authorities;

(vi) all information relating to the businesses of competitors of Aurinia including information relating to competitors' research and development, intellectual property, operations, financial, clinical, regulatory, marketing, advertising and commercial strategies, that is not generally known;

(vii) all information provided by Aurinia's agents, consultants, lawyers, contractors, licensors or licensees to Aurinia and relating to Aurinia's Business; and

(viii) all information relating to your compensation and benefits, including your salary, vacation, stock options, rights to continuing education, perquisites, severance notice, rights on termination and all other compensation and benefits, except that you shall be entitled to disclose such information to your bankers, advisors, agents, consultants and other third parties who have a duty of confidence to you and who have a need to know such information in order to provide advice, products or services to you.

(b) ***"Inventions"*** shall mean any and all discoveries, developments, enhancements, improvements, concepts, formulas, processes, ideas, writings, whether or not reduced to practice, industrial and other designs, patents, patent applications, provisional patent applications, continuations, continuations-in-part, substitutions, divisionals, reissues, renewals, re-examinations, extensions, supplementary protection certificates or the like, trade secrets or utility models, copyrights and other forms of intellectual property including

all applications, registrations and related foreign applications filed and registrations granted thereon.

(c) ***"Work Product'*** shall mean any and all Inventions and possible Inventions relating to Aurinia's Business resulting from any work performed by you for Aurinia that you may invent or co-invent during your involvement in any capacity with Aurinia, except those Inventions invented by you entirely on your own time that do not relate to Aurinia's Business or do not derive from any equipment, supplies, facilities, Confidential Information or other information, **gained,** directly or indirectly, by you from or through your involvement in any capacity with Aurinia.

(d) ***"Aurinia's Business"*** shall mean the businesses actually carried on by Aurinia, directly or indirectly, whether under an agreement with or in collaboration with, any other party including but not exclusively, the development and commercialization of pharmaceutical products for the treatment of Lupus Nephritis, Dry Eye Syndrome, Focal Segmental Glomerulosclerosis, and related diseases.

Certain identified information has been excluded from this exhibit because it both (i) is not material and (ii) would be competitively harmful if publicly disclosed.

2. CONFIDENTIALITY

2.1 Basic Obligation of Confidentiality. You hereby acknowledge and agree that in the course of your involvement with Aurinia, Aurinia may disclose to you or you may otherwise have access or be exposed to Confidential Information. Aurinia hereby agrees to provide such access to you and you agree to receive and hold all Confidential Information on the terms and conditions set out in this Agreement. Except as set out in this Agreement, you will keep strictly confidential all Confidential Information and all other information belonging to Aurinia that you acquire, observe or are informed of, directly or indirectly, in connection with your involvement, in any capacity, with Aurinia.

2.2 Fiduciary Capacity. You will be and act toward Aurinia as a fiduciary in respect of the Confidential Information.

2.3 Non-disclosure. Unless Aurinia first gives you written permission to do so under Section 2.7 of this Agreement, you will not at any time, either during or after your involvement in any capacity with Aurinia;

(a) use or copy Confidential Information or your recollections thereof;

(b) publish or disclose Confidential Information or your recollections thereof to any person other than to employees of Aurinia who have a need to know such Confidential Information for their work for Aurinia;

(c) permit or cause any Confidential Information to be used, copied, published, disclosed, translated or adapted except as otherwise expressly permitted by this Agreement;

(d) permit or cause any Confidential Information to be stored off the premises of Aurinia, including permitting or causing such Information to be stored in electronic format on personal computers, except in accordance with written procedures of Aurinia, as amended from time to time in writing; or

(e) communicate the Confidential Information or your recollections thereof to another employee of Aurinia in a public place or using methods of communication that are capable of being intercepted (such as unencrypted messages using the internet or cellular phones) or overheard, without the written permission of Aurinia.

2.4 Taking Precautions. You will take all reasonable precautions necessary or prudent to prevent material in your possession or control that contains or refers to Confidential Information from being discovered, used or copied by third parties.

Certain identified information has been excluded from this exhibit because it both (i) is not material and (ii) would be competitively harmful if publicly disclosed.

2.5 Aurinia's Ownership of Confidential Information. As between you and Aurinia, Aurinia shall own all right, title and interest in and to the Confidential Information, whether or not created or developed by you.

2.6 Control of Confidential Information and Return of Information. All physical materials produced or prepared by you containing Confidential Information, including, without limitation, biological material, chemical entities, test results, notes of experiments, computer files, photographs, x-ray film, designs, devices, formulas, memoranda, drawings, plans, prototypes, samples, accounts, reports, financial statements, estimates and materials prepared in the course of your responsibilities to or for the benefit of Aurinia, shall belong to Aurinia, and you will promptly turn over to Aurinia's possession every original and copy of any and all such items in your possession or control upon request by Aurinia. You shall not permit or cause any physical materials to be stored off the premises of Aurinia, unless in accordance with written procedures of Aurinia, as amended from time to time in writing. You shall not transfer any biological material to another person outside of Aurinia, unless a material transfer agreement has been signed by both Aurinia and the other party. You shall not accept any biological material from another person outside of Aurinia, unless in accordance with written procedures of Aurinia, as amended from time to time in writing.

2.7 Purpose of Use. You will use Confidential Information only for purposes authorised or directed by Aurinia.

2.8 Exemptions. Your obligation of confidentiality under this Agreement will not apply to any of the following:

(a) information that is already known to you, though not due to a prior disclosure by Aurinia or by a person who obtained knowledge of the information, directly or indirectly, from Aurinia;

(b) information disclosed to you by another person who is not obliged to maintain the confidentiality of that information and who did not obtain knowledge of the information, directly or indirectly, from Aurinia;

(c) information that is developed by you independently of Confidential Information received from Aurinia and such independent development can be documented by you;

(d) other particular information or material which Aurinia expressly exempts by written instrument signed by Aurinia;

(e) information or material that is in the public domain through no fault of your own; and

(f) information or material that you are obligated by law to disclose, to the extent of such obligation, provided that:

(i) in the event that you are required to disclose such information or material, then, as soon as you become aware of this obligation to disclose, you will, subject to applicable law, provide Aurinia with prompt written notice so that Aurinia may

seek a protective order or other appropriate remedy and/or waive compliance with the provisions of this Agreement;

(ii) if Aurinia agrees that the disclosure is required by law, it will give you written authorization to disclose the information for the required purposes only;

(iii) if Aurinia does not agree that the disclosure is required by law, this Agreement will continue to apply, except to the extent that a Court of competent jurisdiction orders otherwise; and

(iv) if a protective order or other remedy is not obtained or if compliance with this Agreement is waived, you will furnish only that portion of the Confidential Information that is legally required and will exercise all reasonable efforts to obtain confidential treatment of such Confidential lnformation.

3. ASSIGNMENT OF INTELLECTUAL PROPERTY RIGHTS

3.1 Notice of Invention. You agree to promptly and fully inform Aurinia of all your Work Product, whether or not patentable, throughout the course of your involvement, in any capacity, with Aurinia, whether or not developed before or after your execution of this Agreement. On your ceasing to be employed by U.S. Sub for any reason whatsoever, you will immediately deliver up to Aurinia all of your Work Product. You further agree that all of your Work Product shall at all times be the Confidential lnformation of Aurinia.

3.2 Assignment of Rights. You will assign, and do hereby assign, to Parent or, at the option of Parent and upon notice from Parent, to Parent's designee, your entire right, title and interest in and to all of your Work Product during your involvement, in any capacity, with Aurinia and all other rights and interests of a proprietary nature in and associated with your Work Product, including all patents, patent applications filed and other registrations granted thereon. To the extent that you retain or acquire legal title to any such rights and interests, you hereby declare and confirm that such legal title is and will be held by you only as trustee and agent for Aurinia. You agree that Aurinia's rights hereunder shall attach to all of your Work Product, notwithstanding that it may be perfected or reduced to specific form after you have terminated your relationship with Aurinia. You further agree that Aurinia's rights hereunder are worldwide rights and are not limited to the United States but shall extend to every country of the world.

3.3 Moral Rights. Without limiting the foregoing, you irrevocably waive any and all moral rights arising under the *Copyright Act* (Canada), as amended, as applicable, or any successor legislation of similar force and effect or similar legislation in other applicable jurisdictions or at common law that you may have with respect to your Work Product, and agree never to assert any moral rights which you may have in your Work Product, including, without limitation, the right to the integrity of such Work Product, the right to be associated with the Work Product, the right to restrain or claim damages for any distortion, mutilation or other modification or enhancement of the Work Product and the right to restrain the use or reproduction of the Work Product in any context and in connection with any product, service, cause or institution, and you further confirm that Aurinia may use or alter any such Work Product as Aurinia sees fits in its absolute discretion.

3.4 Goodwill. You hereby agree that all goodwill you have established or may establish with clients, customers, suppliers, principals, shareholders, investors, collaborators, strategic partners, licensees, contacts or prospects of Aurinia relating to the business or affairs of Aurinia (or of its partners, subsidiaries or affiliates), both before and after the Effective Date, shall, as between you and Aurinia, be and remain the property of Aurinia exclusively, for Aurinia to use, alter, vary, adapt and exploit as Aurinia shall determine in its discretion.

3.5 **Assistance.** You hereby agree to reasonably assist Aurinia at Aurinia's request and expense in:

(a) making patent applications for your Work Product, including instructions to lawyers and/or patent agents as to the characteristics of your Work Product in sufficient detail to enable the preparation of a suitable patent specification, to execute all formal documentation incidental to an application for letters patent and to execute assignment documents in favour of Aurinia for such applications;

(b) making applications for all other forms of intellectual property registration relating to your Work Product;

(c) prosecuting and maintaining the patent applications and other intellectual property relating to your Work Product; and

(d) registering, maintaining and enforcing the patents and other intellectual property registrations relating to your Work Product.

3.6 Assistance with Proceedings. You further agree to reasonably assist Aurinia, at Aurinia's request and expense, in connection with any defense to an allegation of infringement of another person's intellectual property rights, claim of invalidity of another person's intellectual property rights, opposition to, or intervention regarding, an application for letters patent, copyright or trademark or other proceedings relating to intellectual property or applications for registration thereof.

4. GENERAL

4.1 Term and Duration of Obligation. The term of this Agreement is from the Effective Date and terminates on the date that you are no longer working at or for Aurinia. Except as otherwise agreed in a written instrument signed by Aurinia, Article 2 shall survive the termination of this Agreement, including your obligations of confidentiality and to return Confidential Information, and shall endure, with respect to each item of Confidential Information, for so long as those items fall within the definition of Confidential Information. Sections 1.1, 3.2, 3.3, 3.4, 3.5, 3.6, 3.7, 4.1, 4.2, 4.4, 4.5, 4.6, 4.7, 4.8, 4.9, 4.10, 4.11, 4.12 and 4.13 shall also survive the termination of this Agreement.

4.2 Binding Nature of Agreement. This Agreement is not assignable by you. You agree that this Agreement shall be binding upon your heirs and estate.

4.3 Non-Competition. While you are an employee of Aurinia, you will not provide services to or enter into a contract of employment or service in any capacity for any business which is in any way competitive with Aurinia's Business without the prior written consent of Aurinia.

4.4 No Solicitation of Employees, Consultant or Contractors. You agree that during the period of your employment and for the one (1) year period thereafter, you will not, as an officer, director, employee, consultant, owner, partner or in any other capacity either directly or indirectly or through others,

except on behalf of Aurinia, solicit, induce, encourage, or participate in soliciting, inducing or encouraging any person known to you to be an employee, consultant, or independent contractor of Aurinia to terminate his or her relationship with Aurinia.

4.5 No Conflicting Obligations. You represent and warrant that you will not use or disclose to other persons at Aurinia information that (i) constitutes a trade secret of persons other than Aurinia during your employment at Aurinia, or (ii) which is confidential information owned by another person. You represent and warrant that you have no agreements with or obligations to others with respect to the matters covered by this Agreement or concerning the Confidential Information that are in conflict with anything in this Agreement.

4.6 Equitable Remedies. You acknowledge and agree that a breach by you of any of your obligations under this Agreement may result in damages to Aurinia that may not be adequately compensated by monetary award. Accordingly, in the event of any such breach by you, in addition to all other remedies available to Aurinia at law or in equity, Aurinia shall be entitled as a matter of right to apply to a court of competent jurisdiction for such relief by way of restraining order, injunction, decree or otherwise, as may be appropriate to ensure compliance with the provisions of this Agreement, without having to prove damages to the court.

4.7 Publicity. You shall not, without the prior written consent of Aurinia, make or give any public announcements, press releases or statements to the public or the press regarding your Work Product or any Confidential Information.

4.8 Severability. If any covenant or provision of this Agreement or of a section of this Agreement is determined by a court of competent jurisdiction to be void or unenforceable in whole or in part, then such void or unenforceable covenant or provision shall not affect or impair the enforceability or validity of the balance of the section or any other covenant or provision.

4.9 Time of Essence/No Waiver. Time is of the essence hereof and no waiver, delay, indulgence, or failure to act by Aurinia regarding any particular default or omission by you shall affect or impair any of Aurinia's rights or remedies regarding that or any subsequent default or omission that is not expressly waived in writing, and in all events time shall continue to be of the essence without the necessity of specific reinstatement.

Certain identified information has been excluded from this exhibit because it both (i) is not material and (ii) would be competitively harmful if publicly disclosed.

4.10 Further Assurances. The parties will execute and deliver to each other such further instruments and assurances and do such further acts as may be required to give effect to this Agreement.

4.11 Notices. All notices and other communications that are required or permitted by this Agreement must be in writing and shall be hand delivered or sent by express delivery service or certified or registered mail, postage prepaid, or by facsimile transmission (with written confirmation copy by registered first-class mail) to the parties at the addresses indicated below.

If to the Corporation or Parent:

Aurinia Pharmaceuticals Inc. 1203 - 4464 Markham Street Victoria, B.C. V8Z 7X9 Attention: Chief Operating Officer

If to Max Donley:

Max.Donley
[redacted]

Any such notice shall be deemed to have been received on the earlier of the date actually received or the date five (5) days after the same was posted or sent. Either party may change its address or its facsimile number by giving the other party written notice, delivered in accordance with this Section 4.11.

4.12 Amendment. No amendment, modification, supplement or other purported alteration of this Agreement shall be binding unless it is in writing and signed by you and by Aurinia.

4.13 Entire Agreement. This Agreement supersedes all previous dealings, understandings, and expectations of the parties and constitutes the whole agreement with respect to the matters contemplated hereby, and there are no representations, warranties, conditions or collateral agreements between the parties with respect to such transactions except as expressly set out herein.

4.14 Governing Law. This Agreement shall be governed by and interpreted in accordance with the laws of the State of Delaware and the parties hereto agree to the exclusive jurisdiction of the state and federal courts of such state.

4.15 Independent Legal Advice. You hereby acknowledge that you have obtained or have had an opportunity to obtain independent legal advice in connection with this Agreement, and further acknowledge that you have read, understand, and agree to be bound by all of the terms and conditions contained herein.

4.16 Acceptance. If the foregoing terms and conditions are acceptable to you, please indicate your acceptance of and agreement to theterms and conditions of this Agreement by signing below on this letter and on

the enclosed copy of this letter in the space provided and by returning the enclosed copy so executed to us. Your execution and delivery to Aurinia of the enclosed copy of this letter will create a binding agreement between us.

[Signature Page Follows]

Thank you for your cooperation in this matter. Yours truly,

AURINIA PHARMA U.S., INC.
(a Delaware corporation)

/s/ Dennis Bourgeault
Authorized Signatory

Accepted and agreed

/s/ Max Donley

—

SCHEDULE D DESCRIPTION OF BUSINESS

Certain identified information has been excluded from this exhibit because it both (i) is not material and (ii) would be competitively harmful if publicly disclosed.

"Aurinia's Business" shall mean the businesses actually carried on by the Corporation, directly or indirectly, whether under an agreement with or in collaboration with, any other party including but not exclusively, related to the development and commercialization of pharmaceutical products for the treatment of Lupus Nephritis, Dry Eye Syndrome, Focal Segmental Glomerulosclerosis, and related diseases.

SCHEDULE E

EXCEPTIONS TO RESTRICTIVE COVENANT

None.

Certain identified information has been excluded from this exhibit because it both (i) is not material and (ii) would be competitively harmful if publicly disclosed.

Exhibit 10.14

EXECUTIVE EMPLOYMENT AGREEMENT

AURINIA PHARMACEUTICALS INC.

PRIVATE AND CONFIDENTIAL October 1, 2017

Robert B. Huizinga
[redacted]

Dear Mr. Huizinga:

Re: Terms of Employment with AURINIA PHARMACEUTICALS INC. (the "Corporation")

This Agreement confirms the terms and conditions of your employment by the Corporation and will constitute your employment agreement. Those terms and conditions are set out below:

1 . Position and Duties. You will be employed by and will serve the Corporation as **Executive Vice President, Corporate Development** during the Term of this Agreement. You will report directly to the Chief Executive Officer of the Corporation. Your position, duties and functions pertain to the Corporation and any of its subsidiaries from time to time and may be varied or added to from time to time by the Board, at its discretion.

2 . Term. The terms and conditions of this Agreement shall have effect as of and from **October 1, 2017** (the "Effective Date") and your employment shall continue until terminated as provided in this Agreement.

3. Base Salary. The Corporation shall pay you a base salary at the rate of **CDN $400,000** per year (the "**Base Salary**"), payable semi-monthly, subject to the withholding of all applicable statutory deductions from such Base Salary in respect of the Base Salary and including any taxable benefits received under this Agreement or in respect of your employment. As a managerial employee of the Corporation, you are not entitled to overtime pay or statutory holiday pay and your compensation noted above represents your pay for all hours worked for the Corporation.

4. Annual Review. The Board or compensation committee if established by the Board for the purposes of this Agreement (the "**Compensation Committee**") shall review your Base Salary annually. This review shall not result in a decrease of your Base Salary nor shall it necessarily result in an increase in your Base Salary and any increase shall be in the sole discretion of the Board.

5 . Performance Bonus. The Corporation shall review the performance of your duties and functions under this Agreement annually, and shall pay you a cash bonus with a target

Certain identified information has been excluded from this exhibit because it both (i) is not material and (ii) would be competitively harmful if publicly disclosed.

payment of 40% of your Base Salary based on achieving certain objectives determined by the Board in its sole discretion (initially weighted 40% personal and 60% corporate but subject to adjustment by the Board), has determined that the Corporation and the employee have met their short-term and long –term business performance objectives (together, the "**Objectives**"), which objectives will be established from time to time by the Board and senior management in consultation with you, subject to any rules of the Corporation may develop regarding the bonus scheme. Payment of the performance bonus set out in this Section 5 shall be made to you within a reasonable time following the end of each fiscal year and shall be subject to the withholding of all applicable statutory deductions by the Corporation.

6. Benefits. The Corporation will arrange for you and your family to be provided with health, medical, dental, accident and life insurance and such other benefits as are reasonable and appropriate for an executive level benefits plan, as determined by the Board from time to time, based on the recommendations of the Compensation Committee (if established), in consultation with you. You may be required to provide information and undergo reasonable assessments of the insurers in order to determine your eligibility for benefits coverage. Please note that coverage under any benefit plan in effect from time to time is subject to availability and other requirements of the applicable insurer and that the components of the benefits plan may be amended, modified or terminated from time to time by the Corporation in its sole discretion, and that this may include terminating or changing carriers.

7. Vacation. During your employment with the Corporation under this Agreement, you will be entitled to an annual paid vacation as determined by the Corporation from time to time, of **30** days per annum, in addition to statutory holidays. The Corporation reserves the right, acting reasonably, to request that vacations be scheduled so as not to conflict with critical business operations. Vacation time should be taken in the year in which you are entitled to it, and should not be carried forward beyond June 30th of the subsequent year.

8. Retention Incentive. Pursuant to a resolution of the Board of Directors of the Corporation on March 8, 2012, you shall receive 0.1675% of royalty licensing revenue for royalties received on the sale of voclosporin by licensees and/or 0.025% of net sales of voclosporin sold directly by the Corporation, to be paid quarterly as that revenue is received by the Corporation. Should the Corporation sell substantially all of the assets of voclosporin to a third party or transfer those assets to another party in a merger, you will be entitled to receive 0.025% of the value attributable to voclosporin in the transaction, and your entitlement to further royalty or sales payments shall end. Your entitlement to receive any payments pursuant to this section will immediately end if you resign or if your employment is terminated with cause. For clarity, if your employment is terminated without cause, you will have a continuing right to receive payments pursuant to this section. Further, in the event your employment ends as a result of (i) a mutually consensual resignation such as a retirement or (ii) a frustration of contract arising from a disability, you will in either case only be entitled to receive payments pursuant to this

section for a twelve (12) month period following the end of your employment. Notwithstanding any of the foregoing, your right to receive payments pursuant to this section shall immediately terminate upon death.

9. Reimbursement for Expenses. During your employment under this Agreement, the Corporation shall reimburse you for reasonable travelling and other expenses actually and properly incurred by you in connection with the performance of your duties and functions, such reimbursement to be made in accordance with, and subject to, the policies of the Corporation from time to time. For all such expenses you will be required to keep proper accounts and to furnish statements, vouchers, invoices and/or other supporting documents to the Corporation.

10. Stock Options. You are eligible to receive stock options pursuant to the Corporation's Incentive Stock Option Plan as may be established from time to time. Any stock options granted to you will be in such numbers and upon such terms as the Board or the Compensation Committee may determine in its discretion, as the case may be. For greater certainty, neither the period of notice nor any payment in lieu thereof will be considered as extending the period of your employment with respect to the vesting or exercise of any such options granted.

11. Compliance with Insider Trading Guidelines and Restrictions. As a result of your position, you will be subject to insider trading regulations and restrictions and are required to file insider reports disclosing the grant of any options as well as the purchase and sale of any shares in the capital of the Corporation. The Corporation may from time to time publish trading guidelines and restrictions for its employees, officers and directors as are considered by the Board, in its discretion, prudent and necessary for a publicly listed company. It is a term of your employment by the Corporation that you comply with such guidelines and restrictions.

12. No Other Compensation or Benefits. You expressly acknowledge and agree that unless otherwise expressly agreed in writing by the Corporation subsequent to execution of this Agreement by the parties hereto, you shall not be entitled by reason of your employment by the Corporation or by reason of any termination of such employment, to any remuneration, compensation or benefits other than as expressly set forth in this Agreement.

13. Service to Employer. During your employment under this Agreement you will:

(a) well and faithfully serve the Corporation;

(b) act in and promote the best interests of the Corporation;

(c) apply your skill and experience to the performance of your duties and responsibilities and devote substantially the whole of your working time, attention and energies to the business and affairs of the Corporation;

(d) comply with all lawful policies and procedures put in place by the Corporation from time to time; and

(e) not, without the prior approval of the Board, carry on or be engaged in any other business or occupation or become a director, officer, employee or agent of or hold any position or office with any other corporation, firm or person, except as a volunteer for a non-profit organization or in respect of civic or community activities, provided that such activities do not materially interfere with the performance of your duties under this Agreement.

14. Termination By Executive

(a) Subject to Section 17 (Termination Following Change in Control), you may resign from your employment at any time, but only by giving the Corporation at least 3 months' prior written notice of the effective date of your resignation. On the giving of any such notice, the Corporation will have the right to waive, in its sole discretion, the notice period, have you cease your employment immediately or at a specified date prior to the end of the notice period, and pay you the pro-rated portion of your Base Salary, as referred to in Section 3 (Base Salary) and as adjusted from time to time in accordance with Section 4 (Annual Review), for the notice period or remainder of the notice period, as applicable, plus such other sums accrued and owing in respect of salary or vacation and, if granted, pursuant to Section 5 (Performance Bonus), bonus. In this case, your resignation and the termination of your employment will be effective on the date the Corporation waives the notice period (or remainder thereof).

(b) If the Corporation elects to pay you such lump sum in lieu of the notice period, or remainder of the notice period, as applicable, the Corporation shall, subject to the terms and conditions of any benefit plans in effect from time to time, maintain the benefits and payments set out in Section 6 (Benefits) of this Agreement for 3 months after the date of your notice, but in all other respects, your resignation and the termination of your employment will be effective immediately upon your receipt of the lump sum.

15. Termination by the Corporation Without Cause. The Corporation may terminate your employment at any time without Cause (as defined below) by providing you with notice of termination, pay in lieu of notice of termination (as defined below) or a combination of notice and pay in lieu of notice in the amounts set out below:

(a) Notice of termination, pay in lieu of notice of termination or a combination of notice and pay in lieu of notice equal to 18 months.

(b) For purposes of this Section, pay in lieu of notice means your then current Base Salary as set out in Section 3 (Base Salary) and as adjusted from time to time in accordance with Section 4 (Annual Review). In addition, if some or all of the personal and corporate objectives have been satisfied prior to your last day of work for the Corporation, you will be entitled to a performance bonus pursuant to Section 5 (Performance Bonus) for the year of termination, with the amount to be determined based on the objectives satisfied.

(c) Any change that constitutes a constructive dismissal at common law shall be treated as a termination without cause and entitle you to the termination entitlements set out in this Section 15, provided that in any such case you have given the Corporation at least 30 days' notice to address any changes prior to ending your employment.

(d) If the Corporation elects to provide you, in whole or in part, with pay in lieu of notice of termination, at its sole discretion it may do so by way of one or more lump sum payments, by salary continuance payments or by a combination of lump sum and salary continuance payments. Any minimum statutory obligations will be paid to you in a lump sum.

(e) To the extent permitted by law and subject to the terms and conditions of any benefit plans in effect from time to time, the Corporation shall maintain the benefits and payments set out in Section 6 (Benefits) of this Agreement (the "**Maintenance Payments**") during the notice period.

(f) Notwithstanding Section 15(d), if you obtain a new source of remuneration for personal services, whether through an office, new employment, a contract for you to provide consulting or other personal services, or any position analogous to any of the foregoing, the Maintenance Payments shall terminate 9 months from the date of termination of your employment (excluding the notice period).

(g) In addition, the Corporation will arrange for you to be provided with such outplacement career counselling services as are reasonable and appropriate, to assist you in seeking new executive level employment.

(h) You shall not be required to mitigate the amount of any payment provided for in this Section 15 by seeking other employment or otherwise, nor will any sums actually received be deducted.

16. Termination by the Corporation for Cause. Notwithstanding Section 14 (Termination by Executive), Section 15 (Termination by the Corporation Without Cause), or Section 17 (Termination Following Change of Control), the Corporation may terminate your employment and if necessary require that you resign as a director of the Corporation for Cause at any time without any notice or severance. In this Agreement, "**Cause**" shall include, but not be limited to, the following:

(a) the commission of theft, embezzlement, fraud, obtaining funds or property under false pretences or similar acts of misconduct with respect to the property of the Corporation or its employees or the Corporation's customers or suppliers;

(b) your entering of a guilty plea or conviction for any crime involving fraud, misrepresentation or breach of trust, or for any serious criminal offence that impacts adversely on the Corporation; or

(c) any other matter constituting just cause at common law,

any of which shall entitle the Corporation to terminate your employment under this Section 16.

17. Termination Following Change in Control. Concurrently with execution and delivery of this Agreement, you and the Corporation shall enter into a "Change of Control Agreement" in the form attached hereto as **Schedule A** setting out the compensation provisions to be applicable in the event of the termination of your employment of the Corporation in certain circumstances following a "Change in Control" of the Corporation (as defined in the Change of Control Agreement). For certainty, you agree that the entitlements pursuant to this Section 17 shall be in lieu of and not in addition to the termination entitlements set out in Section 15 of this Agreement.

18. No Additional Compensation upon Termination. It is agreed that neither you nor the Corporation shall, as a result of the termination of your employment, be entitled to any notice, fee, salary, bonus, severance or other payments, benefits or damages arising by virtue of, or in any way relating to, your employment or any other relationship with the Corporation (including termination of such employment or relationship) in excess of what is specified or provided for in Section 14 (Termination by Executive), Section 15 (Termination by the Corporation Without Cause), Section 16 (Termination by the Corporation for Cause), or Section 17 (Termination Following Change in Control), whichever is applicable. Payment of any amount whatsoever pursuant to Section 14 (Termination by Executive), Section 15 (Termination by the Corporation Without Cause), Section 16 (Termination by the Corporation for Cause), or Section 17 (Termination Following Change in Control) shall be subject to the withholding of all applicable statutory deductions by the Corporation.

19. Confidentiality and Work Product Ownership. Concurrently with execution and delivery of this Agreement and in consideration of your employment by the Corporation, you and the Corporation will enter into a "Confidentiality and Work Product Ownership Agreement" in the form attached hereto as **Schedule B**.

20. Disclosure of Conflicts of Interest. During your employment with the Corporation, you will promptly, fully and frankly disclose to the Corporation in writing:

(a) the nature and extent of any interest you or your Associates (as hereinafter defined) have or may have, directly or indirectly, in any contract or transaction or proposed contract or transaction of or with the Corporation or any subsidiary or affiliate of the Corporation;

(b) every office you may hold or acquire, and every property you or your Associates may possess or acquire, whereby directly or indirectly a duty or interest might be created in conflict with the interests of the Corporation or your duties and obligations under this Agreement; and

(c) the nature and extent of any conflict referred to in subsection (b) above.

In this Agreement the expression "**Associate**" shall include all those persons and entities that are included within the definition or meaning of "associate" as set forth in Section 1(1) of the *Securities Act* (British Columbia), as amended, or any successor legislation of similar force and effect, and shall also include your spouse, children, parents, brothers and sisters.

21. Avoidance of Conflicts of Interest. You acknowledge that it is the policy of the Corporation that all interests and conflicts of the sort described in Section 20 (Disclosure of Conflicts of Interest) be avoided, and you agree to comply with all policies and directives of the Board from time to time regulating, restricting or prohibiting circumstances giving rise to interests or conflicts of the sort described in Section 20 (Disclosure of Conflicts of Interest). During your employment with the Corporation, without Board approval, in its sole discretion, you shall not enter into any agreement, arrangement or understanding with any other person or entity that would in any way conflict or interfere with this Agreement or your duties or obligations under this Agreement or that would otherwise prevent you from performing your obligations hereunder, and you represent and warrant that you or your Associates have not entered into any such agreement, arrangement or understanding.

22. Provisions Reasonable. It is acknowledged and agreed that:

(a) both before and since the Effective Date the Corporation has operated and competed and will operate and compete in a global market, with respect to the business of the Corporation set out in **Schedule C** attached hereto (the "**Business**");

(b) competitors of the Corporation and the Business are located in countries around the world;

(c) in order to protect the Corporation adequately, any enjoinder of competition would have to apply worldwide;

(d) during the course of your employment by the Corporation, both before and after the Effective Date, on behalf of the Corporation, you have acquired and will acquire knowledge of, and you have come into contact with, initiated and established relationships with and will come into contact with, initiate and establish relationships with, both existing and new clients, customers, suppliers, principals, contacts and prospects of the Corporation, and that in some circumstances you have been or may well become the senior or sole representative of the Corporation dealing with such persons; and

(e) in light of the foregoing, the provisions of Section 23 (Restrictive Covenant) below are reasonable and necessary for the proper protection of the business, property and goodwill of the Corporation and the Business.

23. Restrictive Covenant. Subject to the exceptions set out in **Schedule D** attached hereto, you agree that you will not, either alone or in partnership or in conjunction with any person, firm, company, corporation, syndicate, association or any other entity or group, whether as principal, agent, employee, director, officer, shareholder, consultant or in any capacity or manner whatsoever, whether directly or indirectly, for the term of employment and continuing for a period of 6 months from the termination of your employment, regardless of the reason for such termination:

(a) carry on or be engaged in, concerned with or interested in, or advise, invest in or give financial assistance to, any business, enterprise or undertaking that:

(a) is involved in the Business or in the sale, distribution, development or supply of any product or service that is competitive with the Business or any product or service of the Business; or

(b) competes with the Corporation with respect to any aspect of the Business;

provided, however, that the foregoing will not prohibit you from acquiring, solely as an investment and through market purchases, securities of any such enterprise or undertaking which are publicly traded, so long as you are not part of any control group of such entity and such securities, which if converted, do not constitute more than 5% of the outstanding voting power of that entity;

(b) solicit, agree to be employed by, or agree to provide services to any person, firm, company or other entity that was a client, customer, supplier, principal, shareholder, investor, collaborator, strategic partner, licensee, contact or prospect of the Corporation during the time of your employment with the Corporation, and whom you had knowledge of as a result of your employment, whether before or after the Effective Date, for any business purpose that is competitive with the Business or any product or service of the Business; or

(c) divert, entice or take away from the Corporation or attempt to do so or solicit for the purpose of doing so, any business of the Corporation.

24. Remedies. You acknowledge and agree that any breach or threatened breach of any of the provisions of Section 11 (Compliance with Insider Trading and Guidelines and Restrictions), Section 13 (Service to Employer), Section 19 (Confidentiality and Work Product Ownership), Section 20 (Disclosure of Conflicts of Interest), Section 21 (Avoidance of Conflicts of Interest) or Section 23 (Restrictive Covenant) could cause irreparable damage to the Corporation or its partners, subsidiaries or affiliates, that such harm could not be adequately compensated by the Corporation's recovery of monetary damages, and that in the event of a breach or threatened breach thereof, the Corporation shall have the right to seek an injunction, specific performance or other equitable relief as well as any equitable accounting of all your profits or benefits arising out of any such breach. It is further acknowledged and agreed that the remedies of the Corporation specified in this Section 24 are in addition to and not in substitution for any rights or

remedies of the Corporation at law or in equity and that all such rights and remedies are cumulative and not alternative and that the Corporation may have recourse to any one or more of its available rights or remedies as it shall see fit.

25. Binding Effect. This Agreement shall be binding upon and inure to the benefit of the Corporation and its successors and assigns. Your rights and obligations contained in this Agreement are personal and such rights, benefits and obligations shall not be voluntarily or involuntarily assigned, alienated or transferred, whether by operation of law or otherwise, without the prior written consent of the Corporation. This Agreement shall otherwise be binding upon and inure to the benefit of your personal or legal representatives, executors, administrators, successors, heirs, distributees, devisees, legatees and permitted assigns.

26. Agreement Confidential. Both parties shall keep the terms and conditions of this Agreement confidential except as may be required to enforce any provision of this Agreement or as may otherwise be required by any law, regulation or other regulatory requirement.

27. Governing Law. This Agreement shall be governed by and interpreted in accordance with the laws of the Province of British Columbia and applicable laws of Canada and the parties hereto attorn to the exclusive jurisdiction of the provincial and federal courts of such province.

28. Exercise of Functions. The rights of the Corporation as provided in this Agreement may be exercised on behalf of the Corporation only by the Board (excluding you).

29. Entire Agreement. The terms and conditions of this Agreement are in addition to and not in substitution for the obligations, duties and responsibilities imposed by law on employees of corporations generally (including fiduciary duties), and you agree to comply with such obligations, duties and responsibilities. Except as otherwise provided in this Agreement, this Agreement constitutes the entire agreement between the parties with respect to the subject matter hereof, and may only be varied by further written agreement signed by you and the Corporation. This Agreement supersedes any previous communications, understandings and agreements between you and the Corporation regarding your employment. It is acknowledged and agreed that this Agreement is mutually beneficial and is entered into for fresh and valuable consideration with the intent that it shall constitute a legally binding agreement.

30. Further Assurances. The parties will execute and deliver to each other such further instruments and assurances and do such further acts as may be required to give effect to this Agreement.

31. Surviving Obligations. Your obligations and covenants under Section 19 (Confidentiality and Work Product Ownership), Section 23 (Restrictive Covenant) and Section 24 (Remedies) shall survive the termination of this Agreement.

32. Independent Legal Advice. You hereby acknowledge that you have obtained or have had an opportunity to obtain independent legal advice in connection with this Agreement, and further acknowledge that you have read, understand, and agree to be bound by all of the terms and conditions contained herein.

33. Notice. Any notice or other communication required or contemplated under this Agreement to be given by one party to the other shall be delivered or mailed by prepaid registered post to the party to receive same at the address as set out below:

If to the Corporation:

Aurinia Pharmaceuticals Inc.
1203 – 4464 Markham Street
Victoria, BC V8Z 7X9
Attention: Chief Executive Officer

With a copy to:

Borden Ladner Gervais LLP
1200 Waterfront Centre
200 Burrard Street, PO Box 48600
Vancouver, BC V7X 1T2
Attention: **[redacted]**

If to Robert B. Huizinga:

Robert B. Huizinga
[redacted]

Any notice delivered shall be deemed to have been given and received on the first business day following the date of delivery. Any notice mailed shall be deemed to have been given and received on the fifth business day following the date it was posted, unless between the time of mailing and actual receipt of the notice there shall be a mail strike, slow-down or other labour dispute which might affect delivery of the notice by mail, then the notice shall be effective only if actually delivered.

34. Severability. If any provision of this Agreement or any part thereof shall for any reason be held to be invalid or unenforceable in any respect, then such invalid or unenforceable provision or part shall be severable and severed from this Agreement and the other provisions of this Agreement shall remain in effect and be construed as if such invalid or unenforceable provision or part had never been contained herein.

35. Waiver. Any waiver of any breach or default under this Agreement shall only be effective if in writing signed by the party against whom the waiver is sought to be enforced, and no waiver shall be implied by any other act or conduct or by any

indulgence, delay or omission. Any waiver shall only apply to the specific matter waived and only in the specific instance in which it is waived.

36. Counterparts. This Agreement may be executed in any number of counterparts, each of which so executed shall be deemed to be an original, and such counterparts will together constitute but one Agreement.

37. Assignment. The Corporation may assign this Agreement.

If you accept and agree to the foregoing, please confirm your acceptance and agreement by signing the enclosed duplicate copy of this letter where indicated below and by returning it to us. You are urged to consider fully all the above terms and conditions and to obtain independent legal advice or any other advice you feel is necessary before you execute this agreement.

Yours truly,

AURINIA PHARMACEUTICALS INC.

By: */s/ Dennis Bourgeault*
Authorized Signatory

Accepted and agreed to by Robert B. Huizinga as of October 1, 2017.

/s/ Robert B. Huizinga
Robert B. Huizinga

SCHEDULE A

AURINIA PHARMACEUTICALS INC.

October 1, 2017

Robert B. Huizinga
[redacted]

Dear Mr. Huizinga:

Re: Change in Control Agreement

Aurinia Pharmaceuticals Inc. (the "Corporation") considers it essential to the best interests of its shareholders to foster the continuous employment of its senior executive officers. In this regard, the Board of Directors of the Corporation (the "Board") has determined that it is in the best interests of the Corporation and its shareholders that appropriate steps should be taken to reinforce and encourage management's continued attention, dedication and availability to the Corporation in the event of a Potential Change in Control (as defined in Section 2), without being distracted by the uncertainties which can arise from any possible changes in control of the Corporation.

In order to induce you to agree to remain in the employ of the Corporation, such agreement evidenced by the employment agreement entered into as of the date of this Agreement between you and the Corporation (the "Employment Agreement") and in consideration of your agreement as set forth in Section 3 below, the Corporation agrees that you shall receive and you agree to accept the severance and other benefits set forth in this Agreement should your employment with the Corporation be terminated subsequent to a Change in Control (as defined in Section 2) in full satisfaction of any and all claims that now exist or then may exist for remuneration, fees, salary, bonuses or severance arising out of or in connection with your employment by the Corporation or the termination of your employment:

1. Term of Agreement.

This Agreement shall be in effect for a term commencing on the Effective Date of the Employment Agreement (as therein defined) and ending on the date of termination of the Employment Agreement.

2. Definitions.

(a) "Affiliate" means a corporation that is an affiliate of the Corporation under the *Securities Act* (British Columbia), as amended from time to time.

(b) "Change in Control" of the Corporation shall be deemed to have occurred if:

(a) any amalgamation or consolidation in which voting securities of the Corporation possessing more than fifty percent (50%) of the total combined voting power of the Corporation's outstanding securities are

transferred to a person or persons different from the persons holding those securities immediately prior to such transaction and the composition of the board of directors of the Corporation following such transaction is such that the directors of the Corporation prior to the transaction constitute less than fifty percent (50%) of the membership of the board of directors of the Corporation following the transaction;

(b) any acquisition, directly or indirectly, by an person or related group of persons (other than the Corporation or a person that directly or indirectly controls, is controlled by, or is under common control with, the Corporation) of beneficial ownership of voting securities of the Corporation possessing more than fifty percent (50%) of the total combined voting power of the Corporation's outstanding securities;

(c) any acquisition, directly or indirectly, by a person or related group of persons of the right to appoint a majority of the directors of the Corporation or otherwise directly or indirectly control the management, affairs and business of the Corporation;

(d) any sale, transfer or other disposition of all or substantially all of the assets of the Corporation; or

(e) a complete liquidation or dissolution of the Corporation,

provided however, that a Change in Control shall not be deemed to have occurred if such Change in Control results solely from the issuance, in connection with a bona fide financing or series of financings by the Corporation or any of its Affiliates, of voting securities of the Corporation or any of its Affiliates or any rights to acquire voting securities of the Corporation or any of its Affiliates which are convertible into voting securities;

(c) "Base Salary" shall mean the annual base salary, as referred to in Section 3 (Base Salary), and as adjusted from time to time in accordance with Section 4 (Annual Review), of the Employment Agreement.

(d) "Bonus" shall mean the bonus referred to in Section 5 (Performance Bonus) of the Employment Agreement.

(e) "Cause" shall have the meaning set out in Section 16 (Termination by the Corporation for Cause) of the Employment Agreement.

(f) "Date of Termination" shall mean, if your employment is terminated, the date specified in the Notice of Termination.

(g) "Good Reason" shall mean the occurrence of one or more of the following events, without your express written consent, within 12 months of Change in Control:

(a) a material change in your status, position, authority or responsibilities that does not represent a promotion from or represents an adverse change from your status, position, authority or responsibilities in effect immediately prior to the Change in Control, save and except for any change(s) in your Management Position, from time to time, as contemplated in your Employment Agreement;

(b) a material reduction by the Corporation, in the aggregate, in your Base Salary, or incentive, retirement, health benefits, bonus or other compensation plans provided to you immediately prior to the Change in Control, unless an equitable arrangement has been made with respect to such benefits in connection with a Change in Control;

(c) a failure by the Corporation to continue in effect any other compensation plan in which you participated immediately prior to the Change in Control (except for reasons of non-insurability), including but not limited to, incentive, retirement and health benefits, unless an equitable arrangement has been made with respect to such benefits in connection with a Change in Control;

(d) any request by the Corporation or any affiliate of the Corporation that you participate in an unlawful act; or

(e) any purported termination of your employment by the Corporation after a Change in Control which is not effected pursuant to a Notice of Termination satisfying the requirements of clause (h) below and for the purposes of this Agreement, no such purported termination shall be effective.

(h) "Notice of Termination" shall mean a notice, in writing, communicated to the other party in accordance with Section 6 below, which shall indicate the specific termination provision in this Agreement relied upon and shall set forth in reasonable detail the facts and circumstances claimed to provide a basis for termination of your employment under the provision so indicated.

(i) "Potential Change in Control" of the Corporation shall be deemed to have occurred if:

(a) the Corporation enters into an agreement, the consummation of which would result in the occurrence of a Change in Control;

(b) any person (including the Corporation) publicly announces an intention to take or to consider taking actions which if consummated would constitute a Change in Control; or

(c) the Board adopts a resolution to the effect that, for the purposes of this Agreement, a Potential Change in Control of the Corporation has occurred.

3. Potential Change in Control.

You agree that, in the event of a Potential Change in Control of the Corporation occurring after the Effective Date, and until 12 months after a Change in Control, subject to your right to terminate your employment by issuing and delivering a Notice of Termination for Good Reason, you will continue to diligently carry out your duties and obligations, on the terms set out in the Employment Agreement.

4. Compensation Upon Termination Following Change in Control.

Subject to compliance by you with Section 3, upon your employment terminating pursuant to a Notice of Termination within 12 months after a Change in Control, the Corporation agrees that you shall receive and you agree to accept, subject to your prior resignation as a director of the Corporation, the following payments in full satisfaction of any and all claims you may have or then may have against the Corporation, for remuneration, fees, salary, benefits, bonuses or severance, arising out of or in connection with your employment by the Corporation or the termination of your employment:

(a) If your employment shall be terminated by the Corporation for Cause or by you other than for Good Reason, the terms of the Employment Agreement shall govern and the Corporation shall have no further obligations to you under this Agreement.

(b) If your employment by the Corporation shall be terminated by you for Good Reason or by the Corporation other than for Cause, then you shall be entitled to the payments and benefits provided below:

(a) subject to the withholding of all applicable statutory deductions, the Corporation shall pay you a lump sum equal to 150% of 12 months' Base Salary, as referred to in Section 3 (Base Salary) and as adjusted from time to time in accordance with Section 4 (Annual Review) of the Employment Agreement, plus other sums owed for arrears of salary, vacation pay and, if awarded and payable, Bonus for that year;

(b) to the extent permitted by law and subject to the terms and conditions of any benefit plans in effect from time to time, the Corporation shall maintain the benefits and payments set out in Section 6 (Benefits) of the Employment Agreement during the 12 month period;

(c) the Corporation shall arrange for you to be provided with such outplacement career counselling services as are reasonable and appropriate, to assist you in seeking new executive level employment; and

(d) all incentive stock options granted to you by the Corporation under any stock option agreement that is entered into between you and the Corporation and is outstanding at the time of termination of your employment, which incentive stock options have not yet vested, shall immediately vest upon the termination of your employment and shall be fully exercisable by you in accordance with the terms of the agreement or agreements under which such options were granted.

You shall not be required to mitigate the amount of any payment provided for in this Section 4 by seeking other employment or otherwise, nor will any sums actually received be deducted.

5. Binding Agreement.

This Agreement shall enure to the benefit of and be enforceable by your personal or legal representatives, executors, administrators, successors, heirs, distributees, devisees and legatees. If you die while any amount would still be payable to you under this Agreement if you had continued to live, that amount shall be paid in accordance with the terms of this Agreement to your devisee, legatee or other designee or, if there is no such designee, to your estate.

6. Notices.

Any notice or other communication required or contemplated under, this Agreement to be given by one party to the other shall be delivered or mailed by prepaid registered post to the party to receive same at the addresses set out below:

If to the Corporation:

Aurinia Pharmaceuticals Inc.
1203 – 4464 Markham Street
Victoria, BC V8Z 7X9
Attention: Chief Executive Officer

With a copy to:

Borden Ladner Gervais LLP
1200 Waterfront Centre
200 Burrard Street, PO Box 48600
Vancouver, BC V7X 1T2
Attention: **[redacted]**

If to Robert B. Huizinga:

Robert B. Huizinga
[redacted]

Any notice delivered shall be deemed to have been given and received on the first business day following the date of delivery. Any notice mailed shall be deemed to have been given and received on the fifth business day following the date it was posted, unless between the time of mailing and actual receipt of the notice there shall be a mail strike, slow-down or other labour dispute which might affect delivery of the notice by mail. In such event, the notice shall be effective only if actually delivered.

7. Modification: Amendments: Entire Agreement.

This Agreement may not be modified, waived or discharged unless such waiver, modification or discharge is agreed to in writing and signed by you and such officer as may be specifically designated by the Board. No waiver by either party at any time of any breach by the other party of, or compliance with, any condition or provision of this Agreement to be performed by such other party will be deemed a waiver of similar or dissimilar provisions or conditions at the same or at any prior or subsequent time. Except as set forth in your Employment Agreement, no agreements or representations, oral or otherwise, express or implied, with respect to the subject matter hereof have been made by either party which are not expressly set forth in this Agreement.

8. Governing Law.

This Agreement shall be governed by and interpreted in accordance with the laws of the Province of British Columbia and applicable laws of Canada and the parties hereto attorn to the exclusive jurisdiction of the provincial and federal courts of such province.

9. Validity.

The invalidity or unenforceability of any provision of this Agreement shall not affect the validity or enforceability of any other provision of this Agreement, which shall remain in full force and effect.

10. No Employment or Service Contract

Nothing in this Agreement shall confer upon you any right to continue in the employment of the Corporation for any period of specific duration or interfere with or otherwise restrict in any way the rights of the Corporation or you, which rights are hereby expressly reserved by each, to terminate your employment at any time for any reason whatsoever, with or without cause.

If the foregoing sets forth our agreement on this matter, kindly sign and return to the Corporation a copy of this letter.

Yours truly,

AURINIA PHARMACEUTICALS INC.

By: */s/ Dennis Bourgeault*
Authorized Signatory

Accepted and agreed to by Robert B. Huizinga as of October 1, 2017.

/s/ Robert B. Huizinga
Robert B. Huizinga

SCHEDULE B

Confidentiality and Work Product Ownership Agreement

Aurinia Pharmaceuticals Inc.

In consideration of the undersigned Worker's employment by Aurinia Pharmaceuticals Inc. ("**Corporation**") and other good and valuable consideration (the receipt and sufficiency of which is acknowledged by Worker), Worker hereby irrevocably and unconditionally covenants and agrees with Corporation as of October 1, 2017 (the "**Effective Date**") as follows:

1. Confidentiality

(a) **Confidential Information:** In this Agreement, "**Confidential Information**" means, subject to section 1(b), all information, in any form and on any medium, regardless of the method or form of disclosure or whether the disclosure was made before or after the Effective Date, about the business and affairs of Corporation or any of Corporation's past, present or future corporate affiliates or related entities (each an "**Affiliate**"), or owned, used or licensed by or on behalf of Corporation or any Affiliate (including information provided to Corporation or an Affiliate by any other person under obligations of confidentiality), including information regarding Work Product and related IP Rights (both as defined in section 2(a)) or any of the businesses, business plans, marketing plans, research and development, strategies, products, services, technologies, inventions, assets, finances, pricing, customers, suppliers, resellers or business partners of Corporation or an Affiliate. Without limiting the generality of the foregoing in this section 1(a), Confidential Information includes, subject to section 1(b), each of the following:

(i) all information (including data) developed, acquired or used by or on behalf of Corporation or an Affiliate, or licensed from a third party by or on behalf of Corporation or an Affiliate, in connection with or relating to research, development, testing/trials, regulatory approvals and commercialization of drugs and treatments for diseases and medical conditions, including ingredients (whether medicinal or non-medicinal) and their proportions, formulations, effects, technical information and protocols, methodologies, dosage form and strength, biological materials and their progeny and derivatives;

(ii) all biological, chemical, pharmacological, toxicological, pharmaceutical, physical and analytical, clinical, safety, manufacturing and quality control data and information, and all applications, registrations licenses, authorizations, approvals and correspondence with regulatory authorities;

(iii) all information relating to the businesses, business plans, marketing plans, research and development, strategies, products, services, technologies, inventions, assets, finances, pricing, customers, suppliers, resellers or business partners of the competitors of Corporation or any Affiliate;

(iv) information disclosed by or on behalf of Corporation or an Affiliate to their legal advisors; and

(v) subject to section 1(g), information relating to your compensation and benefits, including your salary, vacation, stock options, perquisites, severance notice, and rights on termination.

(b) **Exceptions:** Information will not be considered to be Confidential Information if and to the extent, but only to the extent, that the information is, or subsequently becomes, lawfully available to the general public for unrestricted use other than through the wrongful act or omission of Worker or any other person. For greater certainty, information will not be considered to be available to the general public if the information is disclosed pursuant to a non-disclosure agreement or other confidentiality obligation or if the information is made public in breach of a non-disclosure agreement or other confidentiality obligation.

(c) **Ownership:** All Confidential Information is the exclusive property of Corporation and Affiliates and their respective licensors. Worker does not have, and will not acquire, any right, title or interest whatsoever in, to or associated with any Confidential Information.

(d) **Confidentiality Obligation:** Worker acknowledges that by reason of Worker's employment by Corporation, and in the course of carrying out and performing Worker's duties and obligations to Corporation, Worker will have access to Confidential Information. Worker will maintain the strict confidentiality of Confidential Information, including by using all necessary precautions to prevent unauthorized access to or disclosure of Confidential Information, both during and indefinitely after the term of Worker's employment by Corporation. Worker will not authorize, assist or encourage any other person (including any other employee of Corporation) to access, use or disclose any Confidential Information in any manner or for a purpose that would be a breach of this Agreement if it were done by Worker.

(e) **Permitted Use/Disclosure:** Worker will use Confidential Information only during the term of Worker's employment by Corporation and only as required to perform Worker's duties and obligations to Corporation. Worker will not use Confidential Information for Worker's personal benefit or for the benefit of any other person. Worker will not remove Confidential Information from Corporation's facilities, or record, copy, reproduce, store or disclose Confidential Information, except as required to perform Worker's duties and obligations to Corporation and in accordance with Corporation's written policies and procedures established and revised by Corporation from time to time.

(f) **Legal Disclosure:** Nothing in this Agreement prohibits disclosure by Worker of Confidential Information that is required to be disclosed under applicable law, provided that before making the disclosure Worker gives reasonable prior written notice to Corporation of the potential disclosure (unless prior notice is prohibited by law) and reasonably assists Corporation to obtain a protective order preventing or other means of limiting the potential disclosure or use of Confidential Information.

(g) **Disclosure to Advisors:** You may disclose information relating to your compensation and benefits to your legal, accounting, financial and tax advisors, provided that they are subject to professional obligations of confidentiality, and only to the extent that the disclosure is required for a bona fide legal, accounting, financial or tax purpose (as applicable).

(h) **Unsecured Communications:** Without limiting the generality of any other provision of this Agreement, Worker will not communicate Confidential Information in a public place or using unsecure methods of communication (e.g. unencrypted messages sent using the Internet or mobile telephones) that are capable of being intercepted or overheard.

(i) **Return of Confidential Information:** Immediately upon termination of Worker's employment by Corporation or upon request by Corporation at any earlier time, Worker will promptly return to Corporation all paper and electronic documents and records and other items and materials that contain or embody Confidential Information, and if and to the extent that electronic records of Confidential Information are contained in Worker's own computers (including mobile devices) or storage devices then Worker will deliver copies of those electronic records to Corporation and will then permanently delete and destroy all of those electronic records contained in Worker's own computers (including mobile devices) and storage devices.

(j) **Protection of Computer Systems:** Worker will take all necessary precautions to prevent unauthorized access to or use of Corporation's computer systems and software and related passwords and access codes to which Worker has access during the term of Worker's employment by Corporation, including by complying with all of Corporation's applicable policies and rules regarding access to and use of those computer systems and software in effect and amended from time to time.

(k) **Third Party Information:** If Worker obtains information that is confidential or proprietary to any other person as a result of Worker's employment by Corporation, then Worker will not use or disclose the information to any person (including other persons employed or engaged by Corporation) except and to the extent required to perform Worker's duties and obligations to Corporation and in accordance with Corporation's written policies and procedures established and revised by Corporation from time to time.

(l) **No Publicity:** For greater certainty, and without limiting the generality of any other provision of this Agreement, Worker will not, without Corporation's express prior written approval, make or give any public announcement, press release or other statement to the public or the media regarding Confidential Information, Work Product or any related IP Rights.

(m) **Duration of Obligations:** For greater certainty, Worker's obligations regarding Confidential Information set forth in this Agreement will apply to each item of Confidential Information unless and until that item no longer qualifies as Confidential Information by virtue of the application of an exception set forth in section 1(b).

(n) **Affiliates:** For greater certainty, and without limiting the generality of any other provision of this Agreement, Corporation's current Affiliates include Aurinia Pharmaceuticals, Inc., Aurinia Pharma Corp., and Aurinia Pharma Limited.

2. Work Product

(a) **Definitions:** In this Agreement:

(i) "**IP Rights**" means intellectual property rights, including: (1) trademarks, trade names, service marks, slogans, domain names, URLs or logos; (2) copyrights, moral rights, rights of authorship and attribution, neighbouring rights, and other rights in works of authorship; (3) database rights; (4) industrial designs, integrated circuit topographies, and mask works; (5) patents and patent applications; and (6) rights protected by trade secrets and confidentiality obligations; whether or not any of those rights is registered or registrable, and all applications and registrations (including renewals, extensions, continuations, divisions, reissues and restorations) relating to any of those rights, now or hereafter in force and effect throughout all or any part of the world;

(ii) "**Technologies and Works**" means biological materials, chemical entities, discoveries, derivations, developments, designs, enhancements, ideas and concepts, improvements, innovations, inventions, blueprints, contributions, findings, useful arts, processes, computer software, computer code of all types, layouts, interfaces, applications, tools, hardware, equipment, routines, data and databases, machines, manufactures, manufacturing techniques, compositions of matter, designs, prototypes, samples, devices, know-how, show-how, shop rights, test results, notices of experiments, photographs, x-ray films, formulae, integrated circuit topographies and integrated circuit topography products, semiconductor designs, mask works, methods and methodologies, (including business methods), systems, processes, plans (including business plans), studies (including clinical studies and trials), analyses, memoranda, reports, notes, drawings, specifications, and other technologies, works of authorship (including literary and artistic works), and creations, in any form and recorded on any media, whether or not registered or registrable, patentable or non-patentable, confidential or non-confidential, or protected or protectable by IP Rights, and any associated documentation and information therein or relating thereto, and any improvements, enhancements, or modifications thereto; and

(iii) "**Work Product**" means Technologies and Works created, conceived, developed, made, prepared, reduced to practice or learned by Worker, either alone or jointly with other persons, and whether during non-business hours or using facilities and equipment provided by or on behalf of Corporation or an Affiliate, that arise from or relate to: (1) Worker's employment by Corporation; or (2) Worker's use of any Technologies and Works, premises, property or information (including Confidential Information) owned, licensed, leased or contracted for by or on behalf of Corporation or an Affiliate or provided or made available to Worker by or on behalf of Corporation or an Affiliate.

(b) **Disclosure/Delivery:** Worker will disclose to Corporation each item of Work Product promptly after the item of Work Product is created, conceived, developed, made, prepared, reduced to practice or learned by Worker. Immediately upon termination of Worker's employment by Corporation or upon request by Corporation at any earlier time, Worker will promptly deliver to Corporation each item of Work Product and all related documents and records.

(c) **Ownership:** Corporation will solely own each item of Work Product and all related IP Rights. Worker hereby irrevocably and unconditionally: (i) transfers and assigns, and agrees to transfer and assign, to Corporation all right, title and interest throughout the world in, to and associated with each item of Work Product and all related IP Rights, free and clear of any and all liens, encumbrances, charges and interests whatsoever of any other person, without any limitation of time and without any restriction whatsoever; (ii) waives, and agrees to waive, in favour of Corporation and each of Corporation's successors, assigns and licensees (including Affiliates) any and all non-transferable rights (including moral rights and rights of authorship and attribution) that Worker has throughout the world in, to or associated with any item of Work Product or any related IP Rights; and (iii) acknowledges and agrees that Corporation and each of Corporation's successors, assigns and licensees (including Affiliates) may use and exploit each item of Work Product and all related IP Rights for any and all commercial or non-commercial purposes whatsoever and by means of any and all media and technologies now in existence or developed in the future as they see fit in their discretion, all without any remuneration or compensation to Worker or any other person; and that Worker will not have or retain any right to use or exploit, or authorize other person to use or exploit, any item of Work Product or any related IP Rights in any manner or for any purpose whatsoever.

(d) **Alternative License:** If and to the extent that the transfer, assignment, and waiver set forth in section 2(c)1(c) regarding an item of Work Product or any related IP Rights are not effective for any reason, Worker: (i) will hold all right, title and interest in, to and associated with the item of Work Product and all related IP Rights that are not transferred and assigned for the sole benefit of Corporation; and (ii) hereby irrevocably and unconditionally grants, and agrees to grant, to Corporation and each of Corporation's successors, assigns and licensees (including Affiliates) a non-exclusive, irrevocable, perpetual, world-wide, fully transferable, fully sub-licensable, royalty-free, fully paid-up right and license to use and exploit, and allow other persons to use and exploit, the item of Work Product and all related IP Rights for any and all commercial or non-commercial purposes whatsoever and by means of any and all media and technologies now in existence or developed in the future as they see fit in their discretion, all without any remuneration or compensation to Worker or any other person.

(e) **Assistance:**

(i) **General:** Upon request by Corporation, during or after the term of Worker's employment by Corporation, Worker will assist Corporation to: (A) obtain, perfect, register, protect and enforce Corporation's rights in, to and associated with Work Product and related IP Rights in all countries (including by executing documents (including patent applications), assignments, transfers and waivers to and in favour of Corporation or persons designated by Corporation); and (B) defend against any claims or allegations against Corporation relating to Work Product or any related IP Rights.

(ii) **Patent Applications/Assignments:** Without limiting the generality of section 1(e)(i), upon request by Corporation, during or after the term of Worker's employment by Corporation, Worker will assist Corporation to apply for patents regarding Work Product, including by providing to Corporation details and specifications regarding the Work Product and prior art required for patent applications, executing all documents relating to patent applications, and executing all assignments required to perfect Corporation's ownership of patent applications and all resulting patents).

(iii) **Appointment of Agent:** If Worker fails or is unable for any reason whatsoever to comply with Worker's obligations under this section 1(e), then Worker hereby irrevocably designates and appoints Corporation (or Corporation's successors and assigns) and their respective duly authorized officers and agents as Worker's agents and attorneys in fact to act for and on behalf of Worker and in Worker's stead to execute and deliver any document and to do all other lawful acts to fulfil Worker's obligations under this section 1(e) with the same legal force and effect as if executed or done by Worker.

(f) **Confirmation:** Upon request by Corporation, both during and after the term of Worker's employment by Corporation, Worker will confirm Corporation's ownership of, and rights to use, Work Product and related IP Rights by signing a confirmatory agreement in the form prescribed by Corporation.

(g) **Security:** Worker will not remove Work Product from Corporation's facilities except as required to perform Worker's duties and obligations to Corporation and in accordance with Corporation's written policies and procedures established and revised by Corporation from time to time. Without limiting the generality of the foregoing, Worker will not transfer any biological material to a person who is not employed or engaged by Corporation except pursuant to an applicable written material transfer agreement signed by the person and Corporation.

(h) **Goodwill:** Corporation and Affiliates will solely own all goodwill associated with Work Product or the business and affairs of Corporation or any Affiliate, including any goodwill that Worker may establish or enhance as a result of Worker's dealings with clients, customers, suppliers, principals, shareholders, investors, collaborators, strategic partners, licensors, licensees, contacts or prospects Corporation or an Affiliate.

(i) **No Infringement:** In the course of carrying out and performing Worker's duties and obligations to Corporation (including the creation of Work Product), Worker will not: (i) breach any agreement or other duty or obligation to maintain the confidentiality of the information of any other person, including any former employer or other person for whom Worker has performed services; or (ii) infringe or misappropriate the IP Rights of any other person. Without limiting the generality of the foregoing, Worker will not accept any biological material from any person who is not employed or engaged by Corporation except in accordance with Corporation's written policies and procedures established and revised by Corporation from time to time.

3. General

(a) **Enforcement:** If Worker breaches or threatens to breach this Agreement and fails or refuses to promptly remedy the breach and agree in writing to comply with this Agreement, then Corporation will, in addition to all other remedies available at law, be entitled as a matter of right to judicial relief by way of a restraining order, interim, interlocutory or permanent injunction, or order for specific performance against the breach or threatened breach; and Worker will not oppose the granting of the judicial relief and hereby waives all defences to the judicial relief and the strict enforcement of this Agreement.

(b) **No Conflict:** Worker represents and warrants to Corporation that Worker's entering into this Agreement and performance of Worker's obligations under this Agreement will not conflict with, or result in the breach of, any express or implied obligation or duty (contractual or otherwise) now or in the future owed by Worker to any other person (including any former employer or other person for whom Worker has performed services).

(c) **Governing Law/Courts:** This Agreement and all related matters will be governed by, and construed in accordance with, the laws of British Columbia, Canada and the federal laws of Canada applicable in British Columbia. Worker hereby irrevocably submits and attorns to the exclusive jurisdiction of the Supreme Court of British Columbia sitting in the City of Vancouver regarding any and all disputes arising from, connected with or relating to this Agreement or any related matter.

(d) **Legal Advice:** Worker acknowledges that Corporation recommended that Worker obtain independent legal advice before executing this Agreement, and that Worker has had the opportunity to do so.

(e) **Miscellaneous:** This Agreement will survive indefinitely after the termination of Worker's employment by Corporation, irrespective of the time, manner or cause of the termination of employment. No consent or waiver by Corporation to or of a breach of this Agreement by Worker will be effective unless in writing and signed by Corporation, or deemed or construed to be a consent to or waiver of a continuing breach or any other breach of this Agreement by Worker. Corporation's rights and remedies under this Agreement are cumulative and not exhaustive or exclusive of any other rights or remedies to which Corporation may be lawfully entitled under this Agreement or applicable law, and Corporation will be entitled to pursue any and all of Corporation's rights and remedies concurrently, consecutively and alternatively. If any provision of this Agreement is held by a court of competent jurisdiction to be invalid or unenforceable for any reason, then the provision will be deemed severed from this Agreement and the remaining provisions of this Agreement will continue in full force and effect without being impaired or invalidated in any way, unless as a result of the severance this Agreement would fail in its essential

purpose. This Agreement is binding upon Worker and Worker's heirs, executors, administrators, successors and personal representatives. This Agreement will enure to the benefit of Corporation and each of Corporation's successors, assigns and licensees. Worker will not assign this Agreement. Corporation may assign this Agreement to any person. Time is of the essence of this Agreement. In this Agreement: (i) a reference to "**this Agreement**" and other similar terms refers to this Agreement as a whole, and not just to the particular provision in which those words appear; (ii) headings are for reference only and do not define, limit or enlarge the scope or meaning of this Agreement or any of its provisions; (iii) words importing the singular number only include the plural, and vice versa; (iv) "**person**" includes an individual, corporation, partnership, joint venture, association, trust, unincorporated organization, society and any other legal entity; (v) "**including**" or "**includes**" means including or includes, as applicable, without limitation or restriction; (vi) "**discretion**" means a person's sole, absolute and unfettered discretion; (vii) "**law**" includes common law, equity, statutes, regulations, ordinances, and orders in council. This Agreement constitutes the entire agreement between Worker and Corporation regarding the subject matter of this Agreement and supersedes all previous communications, representations, negotiations, discussions, agreements or understandings, whether oral or written, between them regarding the subject matter of this Agreement. This Agreement may be modified only by a document that expressly states that the document is an amendment to this Agreement and is signed by both Worker and Corporation. For greater certainty, this Agreement is in addition to other agreements between Worker and Corporation regarding Worker's employment by Corporation and related matters.

Acknowledged and agreed by Worker.

Worker's Signature: */s/ Robert B. Huizinga* Date: October 1, 2017

Worker's Legal Name: Robert B. Huizinga

Worker's Address: **[redacted]**

Phone/Email: **[redacted]**

EXHIBIT A

EXCLUSION FROM WORK PRODUCT

None.

SCHEDULE C

DESCRIPTION OF BUSINESS

"**Aurinia's Business**" shall mean the businesses actually carried on by the Corporation, directly or indirectly, whether under an agreement with or in collaboration with, any other party including but not exclusively, related to the development and commercialization of pharmaceutical products for the treatment of Lupus and related diseases.

SCHEDULE D

Nil.

EXECUTIVE EMPLOYMENT AGREEMENT

AURINIA PHARMACEUTICALS INC.

PRIVATE AND CONFIDENTIAL October 1, 2017

Michael Robert Martin
[redacted]

Dear Mr. Martin:

Re: Terms of Employment with AURINIA PHARMACEUTICALS INC. (the "Corporation")

This Agreement confirms the terms and conditions of your employment by the Corporation and will constitute your employment agreement. Those terms and conditions are set out below:

1 . Position and Duties. You will be employed by and will serve the Corporation as **Chief Operating Officer** during the Term of this Agreement. You will report directly to the Chief Executive Officer of the Corporation or such other person that the Board of Directors (the "Board") may otherwise determine from time to time. Your position, duties and functions pertain to the Corporation and any of its subsidiaries from time to time and may be varied or added to from time to time by the Board, at its discretion.

2 . Term. The terms and conditions of this Agreement shall have effect as of and from **October 1, 2017** (the "Effective Date") and your employment shall continue until terminated as provided in this Agreement.

3. Base Salary. The Corporation shall pay you a base salary at the rate of **CDN $298,700** per year (the "**Base Salary**"), payable semi-monthly, subject to the withholding of all applicable statutory deductions from such Base Salary in respect of the Base Salary and including any taxable benefits received under this Agreement or in respect of your employment. As a managerial employee of the Corporation, you are not entitled to overtime pay or statutory holiday pay and your compensation noted above represents your pay for all hours worked for the Corporation.

4. Annual Review. The Board or compensation committee if established by the Board for the purposes of this Agreement (the "**Compensation Committee**") shall review your Base Salary annually. This review shall not result in a decrease of your Base Salary nor shall it necessarily result in an increase in your Base Salary and any increase shall be in the sole discretion of the Board.

Certain identified information has been excluded from this exhibit because it both (i) is not material and (ii) would be competitively harmful if publicly disclosed.

5 . Performance Bonus. The Corporation shall review the performance of your duties and functions under this Agreement annually, and shall pay you a cash bonus with a target payment of 40% of your Base Salary based on achieving certain objectives determined by the Board in its sole discretion (initially weighted 40% personal and 60% corporate but subject to adjustment by the Board), has determined that the Corporation and the employee have met their short-term and long –term business performance objectives (together, the "**Objectives**"), which objectives will be established from time to time by the Board and senior management in consultation with you, subject to any rules of the Corporation may develop regarding the bonus scheme. Payment of the performance bonus set out in this Section 5 shall be made to you within a reasonable time following the end of each fiscal year and shall be subject to the withholding of all applicable statutory deductions by the Corporation.

6 . Benefits. The Corporation will arrange for you and your family to be provided with health, medical, dental, accident and life insurance and such other benefits as are reasonable and appropriate for an executive level benefits plan, as determined by the Board from time to time, based on the recommendations of the Compensation Committee (if established), in consultation with you. You may be required to provide information and undergo reasonable assessments of the insurers in order to determine your eligibility for benefits coverage. Please note that coverage under any benefit plan in effect from time to time is subject to availability and other requirements of the applicable insurer and that the components of the benefits plan may be amended, modified or terminated from time to time by the Corporation in its sole discretion, and that this may include terminating or changing carriers.

7 . Vacation. During your employment with the Corporation under this Agreement, you will be entitled to an annual paid vacation as determined by the Corporation from time to time, of **30** days per annum, in addition to statutory holidays. The Corporation reserves the right, acting reasonably, to request that vacations be scheduled so as not to conflict with critical business operations. Vacation time should be taken in the year in which you are entitled to it, and should not be carried forward beyond June 30th of the subsequent year.

8. Reimbursement for Expenses. During your employment under this Agreement, the Corporation shall reimburse you for reasonable travelling and other expenses actually and properly incurred by you in connection with the performance of your duties and functions, such reimbursement to be made in accordance with, and subject to, the policies of the Corporation from time to time. For all such expenses you will be required to keep proper accounts and to furnish statements, vouchers, invoices and/or other supporting documents to the Corporation.

9 . Stock Options. You are eligible to receive stock options pursuant to the Corporation's Incentive Stock Option Plan as may be established from time to time. Any stock options granted to you will be in such numbers and upon such terms as the Board or the Compensation Committee may determine in its discretion, as the case may be. For

greater certainty, neither the period of notice nor any payment in lieu thereof will be considered as extending the period of your employment with respect to the vesting or exercise of any such options granted.

10. Compliance with Insider Trading Guidelines and Restrictions. As a result of your position, you will be subject to insider trading regulations and restrictions and are required to file insider reports disclosing the grant of any options as well as the purchase and sale of any shares in the capital of the Corporation. The Corporation may from time to time publish trading guidelines and restrictions for its employees, officers and directors as are considered by the Board, in its discretion, prudent and necessary for a publicly listed company. It is a term of your employment by the Corporation that you comply with such guidelines and restrictions.

11. No Other Compensation or Benefits. You expressly acknowledge and agree that unless otherwise expressly agreed in writing by the Corporation subsequent to execution of this Agreement by the parties hereto, you shall not be entitled by reason of your employment by the Corporation or by reason of any termination of such employment, to any remuneration, compensation or benefits other than as expressly set forth in this Agreement.

12. Service to Employer. During your employment under this Agreement you will:

(a) well and faithfully serve the Corporation;

(b) act in and promote the best interests of the Corporation;

(c) apply your skill and experience to the performance of your duties and responsibilities and devote substantially the whole of your working time, attention and energies to the business and affairs of the Corporation;

(d) comply with all lawful policies and procedures put in place by the Corporation from time to time; and

(e) not, without the prior approval of the Board, carry on or be engaged in any other business or occupation or become a director, officer, employee or agent of or hold any position or office with any other corporation, firm or person, except as a volunteer for a non-profit organization or in respect of civic or community activities, provided that such activities do not materially interfere with the performance of your duties under this Agreement.

13. Termination By Executive

(a) Subject to Section 16 (Termination Following Change in Control), you may resign from your employment at any time, but only by giving the Corporation at least 3 months' prior written notice of the effective date of your resignation. On the giving of any such notice, the Corporation will have the right to waive, in its sole discretion, the notice period, have you cease your employment immediately or at a specified date prior to the end of the notice period, and pay you the pro-

rated portion of your Base Salary, as referred to in Section 3 (Base Salary) and as adjusted from time to time in accordance with Section 4 (Annual Review), for the notice period or remainder of the notice period, as applicable, plus such other sums accrued and owing in respect of salary or vacation and, if granted, pursuant to Section 5 (Performance Bonus), bonus. In this case, your resignation and the termination of your employment will be effective on the date the Corporation waives the notice period (or remainder thereof).

(b) If the Corporation elects to pay you such lump sum in lieu of the notice period, or remainder of the notice period, as applicable, the Corporation shall, subject to the terms and conditions of any benefit plans in effect from time to time, maintain the benefits and payments set out in Section 6 (Benefits) of this Agreement for 3 months after the date of your notice, but in all other respects, your resignation and the termination of your employment will be effective immediately upon your receipt of the lump sum.

14. Termination by the Corporation Without Cause. The Corporation may terminate your employment at any time without Cause (as defined below) by providing you with notice of termination, pay in lieu of notice of termination (as defined below) or a combination of notice and pay in lieu of notice in the amounts set out below:

(a) Notice of termination, pay in lieu of notice of termination or a combination of notice and pay in lieu of notice equal to 16 months, plus one additional month for each full year of employment from the Effective Date of this Agreement, up to a maximum of 18 months in the aggregate.

(b) For purposes of this Section, pay in lieu of notice means your then current Base Salary as set out in Section 3 (Base Salary) and as adjusted from time to time in accordance with Section 4 (Annual Review). In addition, if some or all of the personal and corporate objectives have been satisfied prior to your last day of work for the Corporation, you will be entitled to a performance bonus pursuant to Section 5 (Performance Bonus) for the year of termination, with the amount to be determined based on the objectives satisfied.

(c) Any change that constitutes a constructive dismissal at common law shall be treated as a termination without cause and entitle you to the termination entitlements set out in this Section 14, provided that in any such case you have given the Corporation at least 30 days' notice to address any changes prior to ending your employment.

(d) If the Corporation elects to provide you, in whole or in part, with pay in lieu of notice of termination, at its sole discretion it may do so by way of one or more lump sum payments, by salary continuance payments or by a combination of lump sum and salary continuance payments. Any minimum statutory obligations will be paid to you in a lump sum.

(e) To the extent permitted by law and subject to the terms and conditions of any benefit plans in effect from time to time, the Corporation shall maintain the benefits and payments set out in Section 6 (Benefits) of this Agreement (the "**Maintenance Payments**") during the notice period.

(f) Notwithstanding Section 14(d), if you obtain a new source of remuneration for personal services, whether through an office, new employment, a contract for you to provide consulting or other personal services, or any position analogous to any of the foregoing, the Maintenance Payments shall terminate 9 months from the date of termination of your employment (excluding the notice period).

(g) In addition, the Corporation will arrange for you to be provided with such outplacement career counselling services as are reasonable and appropriate, to assist you in seeking new executive level employment.

(h) You shall not be required to mitigate the amount of any payment provided for in this Section 14 by seeking other employment or otherwise, nor will any sums actually received be deducted.

15. Termination by the Corporation for Cause. Notwithstanding Section 13 (Termination by Executive), Section 14 (Termination by the Corporation Without Cause), or Section 16 (Termination Following Change of Control), the Corporation may terminate your employment and if necessary require that you resign as a director of the Corporation for Cause at any time without any notice or severance. In this Agreement, "**Cause**" shall include, but not be limited to, the following:

(a) the commission of theft, embezzlement, fraud, obtaining funds or property under false pretences or similar acts of misconduct with respect to the property of the Corporation or its employees or the Corporation's customers or suppliers;

(b) your entering of a guilty plea or conviction for any crime involving fraud, misrepresentation or breach of trust, or for any serious criminal offense that impacts adversely on the Corporation; or

(c) any other matter constituting just cause at common law,

any of which shall entitle the Corporation to terminate your employment under this Section 15.

16. Termination Following Change in Control. Concurrently with execution and delivery of this Agreement, you and the Corporation shall enter into a "Change of Control Agreement" in the form attached hereto as **Schedule A** setting out the compensation provisions to be applicable in the event of the termination of your employment of the Corporation in certain circumstances following a "Change in Control" of the Corporation (as defined in the Change of Control Agreement). For certainty, you agree that the

entitlements pursuant to this Section 16 shall be in lieu of and not in addition to the termination entitlements set out in Section 14 of this Agreement.

17. No Additional Compensation upon Termination. It is agreed that neither you nor the Corporation shall, as a result of the termination of your employment, be entitled to any notice, fee, salary, bonus, severance or other payments, benefits or damages arising by virtue of, or in any way relating to, your employment or any other relationship with the Corporation (including termination of such employment or relationship) in excess of what is specified or provided for in Section 13 (Termination by Executive), Section 14 (Termination by the Corporation Without Cause), Section 15 (Termination by the Corporation for Cause), or Section 16 (Termination Following Change in Control), whichever is applicable. Payment of any amount whatsoever pursuant to Section 13 (Termination by Executive), Section 14 (Termination by the Corporation Without Cause), Section 15 (Termination by the Corporation for Cause), or Section 16 (Termination Following Change in Control) shall be subject to the withholding of all applicable statutory deductions by the Corporation.

18. Confidentiality and Work Product Ownership. Concurrently with execution and delivery of this Agreement and in consideration of your employment by the Corporation, you and the Corporation will enter into a "Confidentiality and Work Product Ownership Agreement" in the form attached hereto as **Schedule B**.

19. Disclosure of Conflicts of Interest. During your employment with the Corporation, you will promptly, fully and frankly disclose to the Corporation in writing:

(a) the nature and extent of any interest you or your Associates (as hereinafter defined) have or may have, directly or indirectly, in any contract or transaction or proposed contract or transaction of or with the Corporation or any subsidiary or affiliate of the Corporation;

(b) every office you may hold or acquire, and every property you or your Associates may possess or acquire, whereby directly or indirectly a duty or interest might be created in conflict with the interests of the Corporation or your duties and obligations under this Agreement; and

(c) the nature and extent of any conflict referred to in subsection (b) above.

In this Agreement the expression "**Associate**" shall include all those persons and entities that are included within the definition or meaning of "associate" as set forth in Section 1(1) of the *Securities Act* (British Columbia), as amended, or any successor legislation of similar force and effect, and shall also include your spouse, children, parents, brothers and sisters.

20. Avoidance of Conflicts of Interest. You acknowledge that it is the policy of the Corporation that all interests and conflicts of the sort described in Section 19 (Disclosure of Conflicts of Interest) be avoided, and you agree to comply with all policies and

directives of the Board from time to time regulating, restricting or prohibiting circumstances giving rise to interests or conflicts of the sort described in Section 19 (Disclosure of Conflicts of Interest). During your employment with the Corporation, without Board approval, in its sole discretion, you shall not enter into any agreement, arrangement or understanding with any other person or entity that would in any way conflict or interfere with this Agreement or your duties or obligations under this Agreement or that would otherwise prevent you from performing your obligations hereunder, and you represent and warrant that you or your Associates have not entered into any such agreement, arrangement or understanding.

21. Provisions Reasonable. It is acknowledged and agreed that:

(a) both before and since the Effective Date the Corporation has operated and competed and will operate and compete in a global market, with respect to the business of the Corporation set out in **Schedule C** attached hereto (the "**Business**");

(b) competitors of the Corporation and the Business are located in countries around the world;

(c) in order to protect the Corporation adequately, any enjoinder of competition would have to apply worldwide;

(d) during the course of your employment by the Corporation, both before and after the Effective Date, on behalf of the Corporation, you have acquired and will acquire knowledge of, and you have come into contact with, initiated and established relationships with and will come into contact with, initiate and establish relationships with, both existing and new clients, customers, suppliers, principals, contacts and prospects of the Corporation, and that in some circumstances you have been or may well become the senior or sole representative of the Corporation dealing with such persons; and

(e) in light of the foregoing, the provisions of Section 22 (Restrictive Covenant) below are reasonable and necessary for the proper protection of the business, property and goodwill of the Corporation and the Business.

22. Restrictive Covenant. Subject to the exceptions set out in **Schedule D** attached hereto, you agree that you will not, either alone or in partnership or in conjunction with any person, firm, company, corporation, syndicate, association or any other entity or group, whether as principal, agent, employee, director, officer, shareholder, consultant or in any capacity or manner whatsoever, whether directly or indirectly, for the term of employment and continuing for a period of 6 months from the termination of your employment, regardless of the reason for such termination:

(a) carry on or be engaged in, concerned with or interested in, or advise, invest in or give financial assistance to, any business, enterprise or undertaking that:

(a) is involved in the Business or in the sale, distribution, development or supply of any product or service that is competitive with the Business or any product or service of the Business; or

(b) competes with the Corporation with respect to any aspect of the Business;

provided, however, that the foregoing will not prohibit you from acquiring, solely as an investment and through market purchases, securities of any such enterprise or undertaking which are publicly traded, so long as you are not part of any control group of such entity and such securities, which if converted, do not constitute more than 5% of the outstanding voting power of that entity;

(b) solicit, agree to be employed by, or agree to provide services to any person, firm, company or other entity that was a client, customer, supplier, principal, shareholder, investor, collaborator, strategic partner, licensee, contact or prospect of the Corporation during the time of your employment with the Corporation, and whom you had knowledge of as a result of your employment, whether before or after the Effective Date, for any business purpose that is competitive with the Business or any product or service of the Business; or

(c) divert, entice or take away from the Corporation or attempt to do so or solicit for the purpose of doing so, any business of the Corporation.

23. Remedies. You acknowledge and agree that any breach or threatened breach of any of the provisions of Section 10 (Compliance with Insider Trading and Guidelines and Restrictions), Section 12 (Service to Employer), Section 18 (Confidentiality and Work Product Ownership), Section 19 (Disclosure of Conflicts of Interest), Section 20 (Avoidance of Conflicts of Interest) or Section 22 (Restrictive Covenant) could cause irreparable damage to the Corporation or its partners, subsidiaries or affiliates, that such harm could not be adequately compensated by the Corporation's recovery of monetary damages, and that in the event of a breach or threatened breach thereof, the Corporation shall have the right to seek an injunction, specific performance or other equitable relief as well as any equitable accounting of all your profits or benefits arising out of any such breach. It is further acknowledged and agreed that the remedies of the Corporation specified in this Section 23 are in addition to and not in substitution for any rights or remedies of the Corporation at law or in equity and that all such rights and remedies are cumulative and not alternative and that the Corporation may have recourse to any one or more of its available rights or remedies as it shall see fit.

24. Binding Effect. This Agreement shall be binding upon and inure to the benefit of the Corporation and its successors and assigns. Your rights and obligations contained in this Agreement are personal and such rights, benefits and obligations shall not be voluntarily or involuntarily assigned, alienated or transferred, whether by operation of law or otherwise, without the prior written consent of the Corporation. This Agreement shall otherwise be binding upon and inure to the benefit of your personal or legal

representatives, executors, administrators, successors, heirs, distributees, devisees, legatees and permitted assigns.

25. Agreement Confidential. Both parties shall keep the terms and conditions of this Agreement confidential except as may be required to enforce any provision of this Agreement or as may otherwise be required by any law, regulation or other regulatory requirement.

26. Governing Law. This Agreement shall be governed by and interpreted in accordance with the laws of the Province of British Columbia and applicable laws of Canada and the parties hereto attorn to the exclusive jurisdiction of the provincial and federal courts of such province.

27. Exercise of Functions. The rights of the Corporation as provided in this Agreement may be exercised on behalf of the Corporation only by the Board (excluding you).

28. Entire Agreement. The terms and conditions of this Agreement are in addition to and not in substitution for the obligations, duties and responsibilities imposed by law on employees of corporations generally (including fiduciary duties), and you agree to comply with such obligations, duties and responsibilities. Except as otherwise provided in this Agreement, this Agreement constitutes the entire agreement between the parties with respect to the subject matter hereof, and may only be varied by further written agreement signed by you and the Corporation. This Agreement supersedes any previous communications, understandings and agreements between you and the Corporation regarding your employment. It is acknowledged and agreed that this Agreement is mutually beneficial and is entered into for fresh and valuable consideration with the intent that it shall constitute a legally binding agreement.

29. Further Assurances. The parties will execute and deliver to each other such further instruments and assurances and do such further acts as may be required to give effect to this Agreement.

30. Surviving Obligations. Your obligations and covenants under Section 18 (Confidentiality and Work Product Ownership), Section 22 (Restrictive Covenant) and Section 23 (Remedies) shall survive the termination of this Agreement.

31. Independent Legal Advice. You hereby acknowledge that you have obtained or have had an opportunity to obtain independent legal advice in connection with this Agreement, and further acknowledge that you have read, understand, and agree to be bound by all of the terms and conditions contained herein.

32. Notice. Any notice or other communication required or contemplated under this Agreement to be given by one party to the other shall be delivered or mailed by prepaid registered post to the party to receive same at the address as set out below:

If to the Corporation:

Aurinia Pharmaceuticals Inc.
1203 – 4464 Markham Street
Victoria, BC V8Z 7X9
Attention: Chief Executive Officer

With a copy to:

Borden Ladner Gervais LLP
1200 Waterfront Centre
200 Burrard Street, PO Box 48600
Vancouver, BC V7X 1T2
Attention: **[redacted]**

If to Michael Robert Martin:

Michael Robert Martin
[redacted]

Any notice delivered shall be deemed to have been given and received on the first business day following the date of delivery. Any notice mailed shall be deemed to have been given and received on the fifth business day following the date it was posted, unless between the time of mailing and actual receipt of the notice there shall be a mail strike, slow-down or other labour dispute which might affect delivery of the notice by mail, then the notice shall be effective only if actually delivered.

33. Severability. If any provision of this Agreement or any part thereof shall for any reason be held to be invalid or unenforceable in any respect, then such invalid or unenforceable provision or part shall be severable and severed from this Agreement and the other provisions of this Agreement shall remain in effect and be construed as if such invalid or unenforceable provision or part had never been contained herein.

34. Waiver. Any waiver of any breach or default under this Agreement shall only be effective if in writing signed by the party against whom the waiver is sought to be enforced, and no waiver shall be implied by any other act or conduct or by any indulgence, delay or omission. Any waiver shall only apply to the specific matter waived and only in the specific instance in which it is waived.

35. Counterparts. This Agreement may be executed in any number of counterparts, each of which so executed shall be deemed to be an original, and such counterparts will together constitute but one Agreement.

36. Assignment. The Corporation may assign this Agreement.

If you accept and agree to the foregoing, please confirm your acceptance and agreement by signing the enclosed duplicate copy of this letter where indicated below and by returning it to us. You are urged to consider fully all the above terms and conditions and to obtain independent legal advice or any other advice you feel is necessary before you execute this agreement.

Yours truly,

AURINIA PHARMACEUTICALS INC.

By: */s/ Dennis Bourgeault*
Authorized Signatory

Accepted and agreed to by Michael Robert Martin as of October 1, 2017.

/s/ Michael Robert Martin

Michael Robert Martin

VAN01: 4889551: v1

SCHEDULE A

AURINIA PHARMACEUTICALS INC.

October 1, 2017

Michael Robert Martin
[redacted]

Dear Mr. Martin:

Re: Change in Control Agreement

Aurinia Pharmaceuticals Inc. (the "Corporation") considers it essential to the best interests of its shareholders to foster the continuous employment of its senior executive officers. In this regard, the Board of Directors of the Corporation (the "Board") has determined that it is in the best interests of the Corporation and its shareholders that appropriate steps should be taken to reinforce and encourage management's continued attention, dedication and availability to the Corporation in the event of a Potential Change in Control (as defined in Section 2), without being distracted by the uncertainties which can arise from any possible changes in control of the Corporation.

In order to induce you to agree to remain in the employ of the Corporation, such agreement evidenced by the employment agreement entered into as of the date of this Agreement between you and the Corporation (the "Employment Agreement") and in consideration of your agreement as set forth in Section 3 below, the Corporation agrees that you shall receive and you agree to accept the severance and other benefits set forth in this Agreement should your employment with the Corporation be terminated subsequent to a Change in Control (as defined in Section 2) in full satisfaction of any and all claims that now exist or then may exist for remuneration, fees, salary, bonuses or severance arising out of or in connection with your employment by the Corporation or the termination of your employment:

1. Term of Agreement.

This Agreement shall be in effect for a term commencing on the Effective Date of the Employment Agreement (as therein defined) and ending on the date of termination of the Employment Agreement.

2. Definitions.

(a) "Affiliate" means a corporation that is an affiliate of the Corporation under the *Securities Act* (British Columbia), as amended from time to time.

(b) "Change in Control" of the Corporation shall be deemed to have occurred if:

(a) any amalgamation or consolidation in which voting securities of the Corporation possessing more than fifty percent (50%) of the total combined voting power of the Corporation's outstanding securities are

transferred to a person or persons different from the persons holding those securities immediately prior to such transaction and the composition of the board of directors of the Corporation following such transaction is such that the directors of the Corporation prior to the transaction constitute less than fifty percent (50%) of the membership of the board of directors of the Corporation following the transaction;

(b) any acquisition, directly or indirectly, by an person or related group of persons (other than the Corporation or a person that directly or indirectly controls, is controlled by, or is under common control with, the Corporation) of beneficial ownership of voting securities of the Corporation possessing more than fifty percent (50%) of the total combined voting power of the Corporation's outstanding securities;

(c) any acquisition, directly or indirectly, by a person or related group of persons of the right to appoint a majority of the directors of the Corporation or otherwise directly or indirectly control the management, affairs and business of the Corporation;

(d) any sale, transfer or other disposition of all or substantially all of the assets of the Corporation; or

(e) a complete liquidation or dissolution of the Corporation,

provided however, that a Change in Control shall not be deemed to have occurred if such Change in Control results solely from the issuance, in connection with a bona fide financing or series of financings by the Corporation or any of its Affiliates, of voting securities of the Corporation or any of its Affiliates or any rights to acquire voting securities of the Corporation or any of its Affiliates which are convertible into voting securities;

(c) "Base Salary" shall mean the annual base salary, as referred to in Section 3 (Base Salary), and as adjusted from time to time in accordance with Section 4 (Annual Review), of the Employment Agreement.

(d) "Bonus" shall mean the bonus referred to in Section 5 (Performance Bonus) of the Employment Agreement.

(e) "Cause" shall have the meaning set out in Section 15 (Termination by the Corporation for Cause) of the Employment Agreement.

(f) "Date of Termination" shall mean, if your employment is terminated, the date specified in the Notice of Termination.

(g) "Good Reason" shall mean the occurrence of one or more of the following events, without your express written consent, within 12 months of Change in Control:

(a) a material change in your status, position, authority or responsibilities that does not represent a promotion from or represents an adverse change from your status, position, authority or responsibilities in effect immediately prior to the Change in Control, save and except for any change(s) in your Management Position, from time to time, as contemplated in your Employment Agreement;

(b) a material reduction by the Corporation, in the aggregate, in your Base Salary, or incentive, retirement, health benefits, bonus or other compensation plans provided to you immediately prior to the Change in Control, unless an equitable arrangement has been made with respect to such benefits in connection with a Change in Control;

(c) a failure by the Corporation to continue in effect any other compensation plan in which you participated immediately prior to the Change in Control (except for reasons of non-insurability), including but not limited to, incentive, retirement and health benefits, unless an equitable arrangement has been made with respect to such benefits in connection with a Change in Control;

(d) any request by the Corporation or any affiliate of the Corporation that you participate in an unlawful act; or

(e) any purported termination of your employment by the Corporation after a Change in Control which is not effected pursuant to a Notice of Termination satisfying the requirements of clause (h) below and for the purposes of this Agreement, no such purported termination shall be effective.

(h) "Notice of Termination" shall mean a notice, in writing, communicated to the other party in accordance with Section 6 below, which shall indicate the specific termination provision in this Agreement relied upon and shall set forth in reasonable detail the facts and circumstances claimed to provide a basis for termination of your employment under the provision so indicated.

(i) "Potential Change in Control" of the Corporation shall be deemed to have occurred if:

(a) the Corporation enters into an agreement, the consummation of which would result in the occurrence of a Change in Control;

(b) any person (including the Corporation) publicly announces an intention to take or to consider taking actions which if consummated would constitute a Change in Control; or

(c) the Board adopts a resolution to the effect that, for the purposes of this Agreement, a Potential Change in Control of the Corporation has occurred.

3. Potential Change in Control.

You agree that, in the event of a Potential Change in Control of the Corporation occurring after the Effective Date, and until 12 months after a Change in Control, subject to your right to terminate your employment by issuing and delivering a Notice of Termination for Good Reason, you will continue to diligently carry out your duties and obligations, on the terms set out in the Employment Agreement.

4. Compensation Upon Termination Following Change in Control.

Subject to compliance by you with Section 3, upon your employment terminating pursuant to a Notice of Termination within 12 months after a Change in Control, the Corporation agrees that you shall receive and you agree to accept, subject to your prior resignation as a director of the Corporation, the following payments in full satisfaction of any and all claims you may have or then may have against the Corporation, for remuneration, fees, salary, benefits, bonuses or severance, arising out of or in connection with your employment by the Corporation or the termination of your employment:

(a) If your employment shall be terminated by the Corporation for Cause or by you other than for Good Reason, the terms of the Employment Agreement shall govern and the Corporation shall have no further obligations to you under this Agreement.

(b) If your employment by the Corporation shall be terminated by you for Good Reason or by the Corporation other than for Cause, then you shall be entitled to the payments and benefits provided below:

(a) subject to the withholding of all applicable statutory deductions, the Corporation shall pay you a lump sum equal to 150% of 12 months' Base Salary, as referred to in Section 3 (Base Salary) and as adjusted from time to time in accordance with Section 4 (Annual Review) of the Employment Agreement, plus other sums owed for arrears of salary, vacation pay and, if awarded and payable, Bonus for that year;

(b) to the extent permitted by law and subject to the terms and conditions of any benefit plans in effect from time to time, the Corporation shall maintain the benefits and payments set out in Section 6 (Benefits) of the Employment Agreement during the 12 month period;

(c) the Corporation shall arrange for you to be provided with such outplacement career counselling services as are reasonable and appropriate, to assist you in seeking new executive level employment; and

(d) all incentive stock options granted to you by the Corporation under any stock option agreement that is entered into between you and the Corporation and is outstanding at the time of termination of your employment, which incentive stock options have not yet vested, shall immediately vest upon the termination of your employment and shall be fully exercisable by you in accordance with the terms of the agreement or agreements under which such options were granted.

You shall not be required to mitigate the amount of any payment provided for in this Section 4 by seeking other employment or otherwise, nor will any sums actually received be deducted.

5. Binding Agreement.

This Agreement shall enure to the benefit of and be enforceable by your personal or legal representatives, executors, administrators, successors, heirs, distributees, devisees and legatees. If you die while any amount would still be payable to you under this Agreement if you had continued to live, that amount shall be paid in accordance with the terms of this Agreement to your devisee, legatee or other designee or, if there is no such designee, to your estate.

6. Notices.

Any notice or other communication required or contemplated under, this Agreement to be given by one party to the other shall be delivered or mailed by prepaid registered post to the party to receive same at the addresses set out below:

If to the Corporation:

Aurinia Pharmaceuticals Inc.
1203 – 4464 Markham Street
Victoria, BC V8Z 7X9
Attention: Chief Executive Officer

With a copy to:

Borden Ladner Gervais LLP
1200 Waterfront Centre
200 Burrard Street, PO Box 48600
Vancouver, BC V7X 1T2
Attention: **[redacted]**

If to Michael Robert Martin:

Michael Robert Martin
[redacted]

Any notice delivered shall be deemed to have been given and received on the first business day following the date of delivery. Any notice mailed shall be deemed to have been given and received on the fifth business day following the date it was posted, unless between the time of mailing and actual receipt of the notice there shall be a mail strike, slow-down or other labour dispute which might affect delivery of the notice by mail. In such event, the notice shall be effective only if actually delivered.

7. Modification: Amendments: Entire Agreement.

This Agreement may not be modified, waived or discharged unless such waiver, modification or discharge is agreed to in writing and signed by you and such officer as may be specifically designated by the Board. No waiver by either party at any time of any breach by the other party of, or compliance with, any condition or provision of this Agreement to be performed by such other party will be deemed a waiver of similar or dissimilar provisions or conditions at the same or at any prior or subsequent time. Except as set forth in your Employment Agreement, no agreements or representations, oral or otherwise, express or implied, with respect to the subject matter hereof have been made by either party which are not expressly set forth in this Agreement.

8. Governing Law.

This Agreement shall be governed by and interpreted in accordance with the laws of the Province of British Columbia and applicable laws of Canada and the parties hereto attorn to the exclusive jurisdiction of the provincial and federal courts of such province.

9. Validity.

The invalidity or unenforceability of any provision of this Agreement shall not affect the validity or enforceability of any other provision of this Agreement, which shall remain in full force and effect.

10. No Employment or Service Contract

Nothing in this Agreement shall confer upon you any right to continue in the employment of the Corporation for any period of specific duration or interfere with or otherwise restrict in any way the rights of the Corporation or you, which rights are hereby expressly reserved by each, to terminate your employment at any time for any reason whatsoever, with or without cause.

If the foregoing sets forth our agreement on this matter, kindly sign and return to the Corporation a copy of this letter.

Yours truly,

AURINIA PHARMACEUTICALS INC.

By: */s/ Dennis Bourgeault*
Authorized Signatory

Accepted and agreed to by Michael Robert Martin as of October 1, 2017.

/s/ Michael Robert Martin
Michael Robert Martin

SCHEDULE B

Confidentiality and Work Product Ownership Agreement

Aurinia Pharmaceuticals Inc.

In consideration of the undersigned Worker's employment by Aurinia Pharmaceuticals Inc. ("**Corporation**") and other good and valuable consideration (the receipt and sufficiency of which is acknowledged by Worker), Worker hereby irrevocably and unconditionally covenants and agrees with Corporation as of April 1, 2016 (the " **Effective Date**") as follows:

1. Confidentiality

(a) **Confidential Information:** In this Agreement, "**Confidential Information**" means, subject to section 1(b), all information, in any form and on any medium, regardless of the method or form of disclosure or whether the disclosure was made before or after the Effective Date, about the business and affairs of Corporation or any of Corporation's past, present or future corporate affiliates or related entities (each an "**Affiliate**"), or owned, used or licensed by or on behalf of Corporation or any Affiliate (including information provided to Corporation or an Affiliate by any other person under obligations of confidentiality), including information regarding Work Product and related IP Rights (both as defined in section 2(a)) or any of the businesses, business plans, marketing plans, research and development, strategies, products, services, technologies, inventions, assets, finances, pricing, customers, suppliers, resellers or business partners of Corporation or an Affiliate. Without limiting the generality of the foregoing in this section 1(a), Confidential Information includes, subject to section 1(b), each of the following:

(i) all information (including data) developed, acquired or used by or on behalf of Corporation or an Affiliate, or licensed from a third party by or on behalf of Corporation or an Affiliate, in connection with or relating to research, development, testing/trials, regulatory approvals and commercialization of drugs and treatments for diseases and medical conditions, including ingredients (whether medicinal or non-medicinal) and their proportions, formulations, effects, technical information and protocols, methodologies, dosage form and strength, biological materials and their progeny and derivatives;

(ii) all biological, chemical, pharmacological, toxicological, pharmaceutical, physical and analytical, clinical, safety, manufacturing and quality control data and information, and all applications, registrations licenses, authorizations, approvals and correspondence with regulatory authorities;

(iii) all information relating to the businesses, business plans, marketing plans, research and development, strategies, products, services, technologies, inventions, assets, finances, pricing, customers, suppliers, resellers or business partners of the competitors of Corporation or any Affiliate;

(iv) information disclosed by or on behalf of Corporation or an Affiliate to their legal advisors; and

(v) subject to section 1(g), information relating to your compensation and benefits, including your salary, vacation, stock options, perquisites, severance notice, and rights on termination.

(b) **Exceptions:** Information will not be considered to be Confidential Information if and to the extent, but only to the extent, that the information is, or subsequently becomes, lawfully available to the general public for unrestricted use other than through the wrongful act or omission of Worker or any other person. For greater certainty, information will not be considered to be available to the general public if the information is disclosed pursuant to a non-disclosure agreement or other confidentiality obligation or if the information is made public in breach of a non-disclosure agreement or other confidentiality obligation.

(c) **Ownership:** All Confidential Information is the exclusive property of Corporation and Affiliates and their respective licensors. Worker does not have, and will not acquire, any right, title or interest whatsoever in, to or associated with any Confidential Information.

(d) **Confidentiality Obligation:** Worker acknowledges that by reason of Worker's employment by Corporation, and in the course of carrying out and performing Worker's duties and obligations to Corporation, Worker will have access to Confidential Information. Worker will maintain the strict confidentiality of Confidential Information, including by using all necessary precautions to prevent unauthorized access to or disclosure of Confidential Information, both during and indefinitely after the term of Worker's employment by Corporation. Worker will not authorize, assist or encourage any other person (including any other employee of Corporation) to access, use or disclose any Confidential Information in any manner or for a purpose that would be a breach of this Agreement if it were done by Worker.

(e) **Permitted Use/Disclosure:** Worker will use Confidential Information only during the term of Worker's employment by Corporation and only as required to perform Worker's duties and obligations to Corporation. Worker will not use Confidential Information for Worker's personal benefit or for the benefit of any other person. Worker will not remove Confidential Information from Corporation's facilities, or record, copy, reproduce, store or disclose Confidential Information, except as required to perform Worker's duties and obligations to Corporation and in accordance with Corporation's written policies and procedures established and revised by Corporation from time to time.

(f) **Legal Disclosure:** Nothing in this Agreement prohibits disclosure by Worker of Confidential Information that is required to be disclosed under applicable law, provided that before making the disclosure Worker gives reasonable prior written notice to Corporation of the potential disclosure (unless prior notice is prohibited by law) and reasonably assists Corporation to obtain a protective order preventing or other means of limiting the potential disclosure or use of Confidential Information.

(g) **Disclosure to Advisors:** You may disclose information relating to your compensation and benefits to your legal, accounting, financial and tax advisors, provided that they are subject to professional obligations of confidentiality, and only to the extent that the disclosure is required for a bona fide legal, accounting, financial or tax purpose (as applicable).

(h) **Unsecured Communications:** Without limiting the generality of any other provision of this Agreement, Worker will not communicate Confidential Information in a public place or using unsecure methods of communication (e.g. unencrypted messages sent using the Internet or mobile telephones) that are capable of being intercepted or overheard.

(i) **Return of Confidential Information:** Immediately upon termination of Worker's employment by Corporation or upon request by Corporation at any earlier time, Worker will promptly return to Corporation all paper and electronic documents and records and other items and materials that contain or embody Confidential Information, and if and to the extent that electronic records of Confidential Information are contained in Worker's own computers (including mobile devices) or storage devices then Worker will deliver copies of those electronic records to Corporation and will then permanently delete and destroy all of those electronic records contained in Worker's own computers (including mobile devices) and storage devices.

(j) **Protection of Computer Systems:** Worker will take all necessary precautions to prevent unauthorized access to or use of Corporation's computer systems and software and related passwords and access codes to which Worker has access during the term of Worker's employment by Corporation, including by complying with all of Corporation's applicable policies and rules regarding access to and use of those computer systems and software in effect and amended from time to time.

(k) **Third Party Information:** If Worker obtains information that is confidential or proprietary to any other person as a result of Worker's employment by Corporation, then Worker will not use or disclose the information to any person (including other persons employed or engaged by Corporation) except and to the extent required to perform Worker's duties and obligations to Corporation and in accordance with Corporation's written policies and procedures established and revised by Corporation from time to time.

(l) **No Publicity:** For greater certainty, and without limiting the generality of any other provision of this Agreement, Worker will not, without Corporation's express prior written approval, make or give any public announcement, press release or other statement to the public or the media regarding Confidential Information, Work Product or any related IP Rights.

(m) **Duration of Obligations:** For greater certainty, Worker's obligations regarding Confidential Information set forth in this Agreement will apply to each item of Confidential Information unless and until that item no longer qualifies as Confidential Information by virtue of the application of an exception set forth in section 1(b).

(n) **Affiliates:** For greater certainty, and without limiting the generality of any other provision of this Agreement, Corporation's current Affiliates include Aurinia Pharmaceuticals, Inc., Aurinia Pharma Corp., and Aurinia Pharma Limited.

2. Work Product

(a) **Definitions:** In this Agreement:

(i) "**IP Rights**" means intellectual property rights, including: (1) trademarks, trade names, service marks, slogans, domain names, URLs or logos; (2) copyrights, moral rights, rights of authorship and attribution, neighbouring rights, and other rights in works of authorship; (3) database rights; (4) industrial designs, integrated circuit topographies, and mask works; (5) patents and patent applications; and (6) rights protected by trade secrets and confidentiality obligations; whether or not any of those rights is registered or registrable, and all applications and registrations (including renewals, extensions, continuations, divisions, reissues and restorations) relating to any of those rights, now or hereafter in force and effect throughout all or any part of the world;

(ii) "**Technologies and Works**" means biological materials, chemical entities, discoveries, derivations, developments, designs, enhancements, ideas and concepts, improvements, innovations, inventions, blueprints, contributions, findings, useful arts, processes, computer software, computer code of all types, layouts, interfaces, applications, tools, hardware, equipment, routines, data and databases, machines, manufactures, manufacturing techniques, compositions of matter, designs, prototypes, samples, devices, know-how, show-how, shop rights, test results, notices of experiments, photographs, x-ray films, formulae, integrated circuit topographies and integrated circuit topography products, semiconductor designs, mask works, methods and methodologies, (including business methods), systems, processes, plans (including business plans), studies (including clinical studies and trials), analyses, memoranda, reports, notes, drawings, specifications, and other technologies, works of authorship (including literary and artistic works), and creations, in any form and recorded on any media, whether or not registered or registrable, patentable or non-patentable, confidential or non-confidential, or protected or protectable by IP Rights, and any associated documentation and information therein or relating thereto, and any improvements, enhancements, or modifications thereto; and

(iii) "**Work Product**" means Technologies and Works created, conceived, developed, made, prepared, reduced to practice or learned by Worker, either alone or jointly with other persons, and whether during non-business hours or using facilities and equipment provided by or on behalf of Corporation or an Affiliate, that arise from or relate to: (1) Worker's employment by Corporation; or (2) Worker's use of any Technologies and Works, premises, property or information (including Confidential Information) owned, licensed, leased or contracted for by or on behalf of Corporation or an Affiliate or provided or made available to Worker by or on behalf of Corporation or an Affiliate.

(b) **Disclosure/Delivery:** Worker will disclose to Corporation each item of Work Product promptly after the item of Work Product is created, conceived, developed, made, prepared, reduced to practice or learned by Worker. Immediately upon termination of Worker's employment by Corporation or upon request by Corporation at any earlier time, Worker will promptly deliver to Corporation each item of Work Product and all related documents and records.

(c) **Ownership:** Corporation will solely own each item of Work Product and all related IP Rights. Worker hereby irrevocably and unconditionally: (i) transfers and assigns, and agrees to transfer and assign, to Corporation all right, title and interest throughout the world in, to and associated with each item of Work Product and all related IP Rights, free and clear of any and all liens, encumbrances, charges and interests whatsoever of any other person, without any limitation of time and without any restriction whatsoever; (ii) waives, and agrees to waive, in favour of Corporation and each of Corporation's successors, assigns and licensees (including Affiliates) any and all non-transferable rights (including moral rights and rights of authorship and attribution) that Worker has throughout the world in, to or associated with any item of Work Product or any related IP Rights; and (iii) acknowledges and agrees that Corporation and each of Corporation's successors, assigns and licensees (including Affiliates) may use and exploit each item of Work Product and all related IP Rights for any and all commercial or non-commercial purposes whatsoever and by means of any and all media and technologies now in existence or developed in the future as they see fit in their discretion, all without any remuneration or compensation to Worker or any other person; and that Worker will not have or retain any right to use or exploit, or authorize other person to use or exploit, any item of Work Product or any related IP Rights in any manner or for any purpose whatsoever.

(d) **Alternative License:** If and to the extent that the transfer, assignment, and waiver set forth in section 2(c)1(c) regarding an item of Work Product or any related IP Rights are not effective for any reason, Worker: (i) will hold all right, title and interest in, to and associated with the item of Work Product and all related IP Rights that are not transferred and assigned for the sole benefit of Corporation; and (ii) hereby irrevocably and unconditionally grants, and agrees to grant, to Corporation and each of Corporation's successors, assigns and licensees (including Affiliates) a non-exclusive, irrevocable, perpetual, world-wide, fully transferable, fully sub-licensable, royalty-free, fully paid-up right and license to use and exploit, and allow other persons to use and exploit, the item of Work Product and all related IP Rights for any and all commercial or non-commercial purposes whatsoever and by means of any and all media and technologies now in existence or developed in the future as they see fit in their discretion, all without any remuneration or compensation to Worker or any other person.

(e) **Assistance:**

(i) **General:** Upon request by Corporation, during or after the term of Worker's employment by Corporation, Worker will assist Corporation to: (A) obtain, perfect, register, protect and enforce Corporation's rights in, to and associated with Work Product and related IP Rights in all countries (including by executing documents (including patent applications), assignments, transfers and waivers to and in favour of Corporation or persons designated by Corporation); and (B) defend against any claims or allegations against Corporation relating to Work Product or any related IP Rights.

(ii) **Patent Applications/Assignments:** Without limiting the generality of section 1(e)(i), upon request by Corporation, during or after the term of Worker's employment by Corporation, Worker will assist Corporation to apply for patents regarding Work Product, including by providing to Corporation details and specifications regarding the Work Product and prior art required for patent applications, executing all documents relating to patent applications, and executing all assignments required to perfect Corporation's ownership of patent applications and all resulting patents).

(iii) **Appointment of Agent:** If Worker fails or is unable for any reason whatsoever to comply with Worker's obligations under this section 1(e), then Worker hereby irrevocably designates and appoints Corporation (or Corporation's successors and assigns) and their respective duly authorized officers and agents as Worker's agents and attorneys in fact to act for and on behalf of Worker and in Worker's stead to execute and deliver any document and to do all other lawful acts to fulfil Worker's obligations under this section 1(e) with the same legal force and effect as if executed or done by Worker.

(f) **Confirmation:** Upon request by Corporation, both during and after the term of Worker's employment by Corporation, Worker will confirm Corporation's ownership of, and rights to use, Work Product and related IP Rights by signing a confirmatory agreement in the form prescribed by Corporation.

(g) **Security:** Worker will not remove Work Product from Corporation's facilities except as required to perform Worker's duties and obligations to Corporation and in accordance with Corporation's written policies and procedures established and revised by Corporation from time to time. Without limiting the generality of the foregoing, Worker will not transfer any biological material to a person who is not employed or engaged by Corporation except pursuant to an applicable written material transfer agreement signed by the person and Corporation.

(h) **Goodwill:** Corporation and Affiliates will solely own all goodwill associated with Work Product or the business and affairs of Corporation or any Affiliate, including any goodwill that Worker may establish or enhance as a result of Worker's dealings with clients, customers, suppliers, principals, shareholders, investors, collaborators, strategic partners, licensors, licensees, contacts or prospects Corporation or an Affiliate.

(i) **No Infringement:** In the course of carrying out and performing Worker's duties and obligations to Corporation (including the creation of Work Product), Worker will not: (i) breach any agreement or other duty or obligation to maintain the confidentiality of the information of any other person, including any former employer or other person for whom Worker has performed services; or (ii) infringe or misappropriate the IP Rights of any other person. Without limiting the generality of the foregoing, Worker will not accept any biological material from any person who is not employed or engaged by Corporation except in accordance with Corporation's written policies and procedures established and revised by Corporation from time to time.

3. General

(a) **Enforcement:** If Worker breaches or threatens to breach this Agreement and fails or refuses to promptly remedy the breach and agree in writing to comply with this Agreement, then Corporation will, in addition to all other remedies available at law, be entitled as a matter of right to judicial relief by way of a restraining order, interim, interlocutory or permanent injunction, or order for specific performance against the breach or threatened breach; and Worker will not oppose the granting of the judicial relief and hereby waives all defences to the judicial relief and the strict enforcement of this Agreement.

(b) **No Conflict:** Worker represents and warrants to Corporation that Worker's entering into this Agreement and performance of Worker's obligations under this Agreement will not conflict with, or result in the breach of, any express or implied obligation or duty (contractual or otherwise) now or in the future owed by Worker to any other person (including any former employer or other person for whom Worker has performed services).

(c) **Governing Law/Courts:** This Agreement and all related matters will be governed by, and construed in accordance with, the laws of British Columbia, Canada and the federal laws of Canada applicable in British Columbia. Worker hereby irrevocably submits and attorns to the exclusive jurisdiction of the Supreme Court of British Columbia sitting in the City of Vancouver regarding any and all disputes arising from, connected with or relating to this Agreement or any related matter.

(d) **Legal Advice:** Worker acknowledges that Corporation recommended that Worker obtain independent legal advice before executing this Agreement, and that Worker has had the opportunity to do so.

(e) **Miscellaneous:** This Agreement will survive indefinitely after the termination of Worker's employment by Corporation, irrespective of the time, manner or cause of the termination of employment. No consent or waiver by Corporation to or of a breach of this Agreement by Worker will be effective unless in writing and signed by Corporation, or deemed or construed to be a consent to or waiver of a continuing breach or any other breach of this Agreement by Worker. Corporation's rights and remedies under this Agreement are cumulative and not exhaustive or exclusive of any other rights or remedies to which Corporation may be lawfully entitled under this Agreement or applicable law, and Corporation will be entitled to pursue any and all of Corporation's rights and remedies concurrently, consecutively and alternatively. If any provision of this Agreement is held by a court of competent jurisdiction to be invalid or unenforceable for any reason, then the provision will be deemed severed from this Agreement and the remaining provisions of this Agreement will continue in full force and effect without being impaired or invalidated in any way, unless as a result of the severance this Agreement would fail in its essential

purpose. This Agreement is binding upon Worker and Worker's heirs, executors, administrators, successors and personal representatives. This Agreement will enure to the benefit of Corporation and each of Corporation's successors, assigns and licensees. Worker will not assign this Agreement. Corporation may assign this Agreement to any person. Time is of the essence of this Agreement. In this Agreement: (i) a reference to "**this Agreement**" and other similar terms refers to this Agreement as a whole, and not just to the particular provision in which those words appear; (ii) headings are for reference only and do not define, limit or enlarge the scope or meaning of this Agreement or any of its provisions; (iii) words importing the singular number only include the plural, and vice versa; (iv) "**person**" includes an individual, corporation, partnership, joint venture, association, trust, unincorporated organization, society and any other legal entity; (v) "**including**" or "**includes**" means including or includes, as applicable, without limitation or restriction; (vi) "**discretion**" means a person's sole, absolute and unfettered discretion; (vii) "**law**" includes common law, equity, statutes, regulations, ordinances, and orders in council. This Agreement constitutes the entire agreement between Worker and Corporation regarding the subject matter of this Agreement and supersedes all previous communications, representations, negotiations, discussions, agreements or understandings, whether oral or written, between them regarding the subject matter of this Agreement. This Agreement may be modified only by a document that expressly states that the document is an amendment to this Agreement and is signed by both Worker and Corporation. For greater certainty, this Agreement is in addition to other agreements between Worker and Corporation regarding Worker's employment by Corporation and related matters.

Acknowledged and agreed by Worker.

Worker's Signature: */s/ Michael Robert Martin* Date: October 1, 2017

Worker's Legal Name: Michael Robert Martin

Worker's Address: **[redacted]**

Phone/Email: **[redacted]**

VAN01: 4889551: v1

EXHIBIT A

EXCLUSION FROM WORK PRODUCT

None.

SCHEDULE C

DESCRIPTION OF BUSINESS

"**Aurinia's Business**" shall mean the businesses actually carried on by the Corporation, directly or indirectly, whether under an agreement with or in collaboration with, any other party including but not exclusively, related to the development and commercialization of pharmaceutical products for the treatment of Lupus and related diseases.

SCHEDULE D

Nil.

Exhibit 10.16

April 8, 2020

Joseph Miller
[redacted]

Re: Terms of Employment with Aurinia Pharma U.S., Inc.

Dear Joseph:

Aurinia Pharma U.S., Inc. (the "Company"), a Delaware Corporation and wholly owned subsidiary of Aurinia Pharmaceuticals Inc., a corporation under the laws of the Province of Alberta ("Parent"), is pleased to offer you employment as the Company's Chief Financial Officer ("CFO"), on the terms and conditions set forth in this letter agreement (the "Agreement").

1. COMMENCEMENT OF EMPLOYMENT. Your employment with the Company as CFO will begin on April 27, 2020 (the "Start Date").

2. POSITION. You will be responsible for supporting the Company's overall financial goals, strategies, and initiatives, as well as other duties as assigned from time to time by the Chief Executive Officer ("CEO"), to whom you will report. You shall devote your best efforts and full business time, skill and attention to the performance of your duties. You will also be expected to adhere to the general employment policies and practices of the Company (and in some cases, the Parent) that may be in effect from time to time, except that when the terms of this Agreement conflict with the Company's general employment policies or practices, this Agreement will control. Your work location will be the Company's offices located in Rockville, Maryland. The Company may change your position, duties, work location and compensation from time to time in its discretion, subject to the terms and conditions set forth herein.

3. SALARY. You will be paid an annual base salary of $410,000.00, less applicable deductions and withholdings, to be paid each month in accordance with the Company's payroll practices, as may be in effect from time to time.

4. SIGN-ON BONUS. If you join the Company, you will also be eligible to earn a one-time bonus of $100,000, less applicable withholdings (the "Sign-On Bonus"). The Company will advance you the Sign-On Bonus, prior to its being earned, within thirty (30) days after your Start Date. You will earn the Sign-On Bonus if you remain continuously employed with the Company through the one-year anniversary of your Start Date. If the Company terminates your employment with Cause (as defined below) or you resign your employment for any reason, in either case, prior to the one-year anniversary of your Start Date, you agree to repay, within thirty (30) days after your last day of employment with the Company, the gross amount of the Sign-On Bonus paid to you by the Company."

5. ANNUAL TARGET BONUS. During each calendar year of your employment, you will be eligible to earn an annual target bonus equal to forty percent (40%) of your annual base salary. Whether you receive such a bonus, and the amount of any such bonus, shall be determined by Parent's Board of Directors (the "Board") in its sole discretion, and shall be based upon both achievement of the Company's corporate objectives and your individual performance objectives. Any bonus shall be paid within thirty (30) days after the Board's determination that a bonus shall be awarded. You must be employed on the day that your bonus (if any) is paid in order to earn the bonus. Therefore, if your employment is terminated either by you or the Company for any reason prior to the bonus being paid, you will not have earned the bonus and no partial or prorated bonus will be paid.

6. BENEFITS. You will be eligible to participate in the Company's standard benefit programs available to other Company executives, subject to the terms and conditions of such plans. The Company may, from time to time, change these benefits in its discretion. Additional information regarding these benefits is available for your review upon request.

7. STOCK OPTIONS. Subject to approval by the Board, at the first Board meeting following the Start Date (such date, the "Grant Date"), you will receive an initial stock option grant of a total number of options based on a Black Scholes calculation on the amount of $650,000.00, pursuant to Parent's Incentive Stock Option Plan (the "Initial Grant"). The Initial Grant will vest over a three-year period, with 12136th of the Initial Granting vesting on the 12- month anniversary of the Grant Date, and the remaining shares vesting equally over the following twenty-four (24) months of continuous service. The Initial Grant will have an exercise price equal to the closing price of Parent's common shares as reported on the Toronto Stock Exchange on the day immediately prior to the Grant Date and will have a term often (10) years. Any additional stock options or other equity-based awards granted to you will be upon such terms as the Board or the Compensation Committee may determine in its discretion.

8. AT-WILL EMPLOYMENT AND SEVERANCE.

(a) At-Will Employment. Your employment with the Company is "at-will." This means that either you or the Company may terminate your employment at any time, with or without Cause (as defined herein), and with or without advance notice.

(b) Termination For Cause; Death or Disability. If, at any time, the Company terminates your employment for Cause (as defined herein), or if either party terminates your employment as a result of your death or disability, or you resign for any reason outside of the Change of Control Period, or you resign without Good Reason during the Change of Control Period, you will receive your base salary accrued through your last day of employment, as well as any unused vacation (if applicable) accrued through your last day of employment. Under these circumstances, you will not be entitled to any other form of compensation from the Company, including any severance benefits.
(c) Termination without Cause. If at any time other than during the Change of Control Period (as defined herein), the Company terminates your employment without Cause, and provided such termination constitutes a "separation from service" (as defined under Treasury Regulation Section 1.409A-l(h), without regard to any alternative definition thereunder, a "Separation from Service"), then subject to your obligations below, you shall be entitled to receive the following severance benefits (collectively, the "Severance Benefits")

(i) Salary Continuation. An amount equal to six (6) months of your then-current base salary, plus one additional month for each full year of employment with the Company, up to a maximum of eighteen (18) months in the aggregate (such period of time, the "Severance Period"), less all applicable withholdings and deductions, paid over the Severance Period, on the schedule described below (the "Salary Continuation");
(ii) COBRA Benefits. If you timely elect continued coverage under COBRA for yourself and your covered dependents under the Company's group health plans following such termination of employment, then the Company shall pay the COBRA premiums necessary to continue your health insurance coverage in effect for yourself and your eligible dependents on the termination date until the earliest of (A) the close of the Severance Period following the termination of your employment, (B) the expiration of your eligibility for the continuation coverage under COBRA, or (C) the date when you become eligible for substantially equivalent health insurance coverage in connection with new employment or self-employment (such period from the termination date through the earliest of (A) through (C), the "COBRA Payment Period"). If you become eligible for coverage under another employer's group health plan or otherwise cease to be eligible for COBRA during the period provided in this clause, you must immediately notify the Company of such event, and all payments and obligations under this clause shall cease.;

(iii) Target Bonus. A pro-rated amount of your target bonus based upon the number of days worked during the calendar year in which the termination occurs. The amount of any such bonus shall be determined by the Board in its sole discretion, and shall be based upon both achievement of corporate objectives and individual performance objectives. Any amount of your bonus paid under this section will be payable in a lump sum on the date that all other Executives at the Company would regularly receive the bonus payment, less applicable taxes and withholdings, but in any event no later than March 15 of the year following the year in which your termination of employment occurs;
(iv) Outplacement Services. The Company will arrange for you to be provided with such outplacement career counseling services as are reasonable and appropriate to assist you in seeking new employment, up to a maximum of $10,000.
(d) Termination without Cause or Resignation For Good Reason in Connection With a Change of Control. If the Company terminates your employment without Cause, or you resign for Good Reason, in either case, within three (3) months prior to or twelve
(12) months following the effective date of a Change of Control (as defined herein) (the "Change of Control Period"), and provided such termination constitutes a Separation from Service, then subject to your obligations below, you shall be entitled to receive the following severance benefits (collectively, the "Change of Control Severance Benefits"):

(i) Salary Continuation. An amount equal to twelve (12) months of your then current base salary, plus one additional month for each full year of employment with the Company, up to a maximum of eighteen (18) months in the aggregate (such period of time, the "Change of Control Severance Period"), less all applicable withholdings and deductions, paid over the Change of Control Severance Period, on the schedule described below (the "Change of Control Salary Continuation");
(ii) COBRA Benefits. If you timely elect continued coverage under COBRA for yourself and your covered dependents under the Company's group health plans following such termination or resignation of employment, then the Company shall pay the COBRA premiums necessary to continue your health insurance coverage in effect for yourself and your eligible dependents on the termination date pursuant to the terms set forth in 8(c)(ii) but for the length of the Change of Control Severance Period, rather than the Severance Period specified in section 8(c)(i).
(iii) Target Bonus. An amount equal to 100% of your target bonus for the year in which the termination occurred. Any amount of your bonus paid under this section will be payable in a lump sum at the same time as the first Change of Control Salary Continuation payment;
(iv) Outplacement Services. The Company will arrange for you to be provided with such outplacement career counseling services as are reasonable and appropriate to assist you in seeking new employment, up to a maximum of $10,000.
(v) Vesting Acceleration. Acceleration of the vesting of all time- based equity awards as of the date of termination such that all time-based equity awards granted to you by Parent will be fully vested and exercisable. Such acceleration shall be effective as of the effective date of your termination of employment;
(e) Conditions For Receipt of Severance Benefits or Change of Control Severance Benefits. The Severance Benefits or Change of Control Severance Benefits (as applicable) are conditional upon: (i) your continuing to comply with your obligations under your Employee Confidential Information and Inventions Assignment Agreement; (i) your delivering to the Company an effective, general release of claims in favor of the Company in a form acceptable to the Company within 60 days following your termination date; and (iii) if you are a member of the Board, your resignation from the Board, to be effective no later than the date of your termination date (or such other date as requested by the Board). The Salary Continuation or Change of Control Salary Continuation will be paid in equal installments on the Company's regular payroll schedule and will be subject to applicable tax withholdings over the period outlined above following the date of your termination date; provided, however, that no payments will be made prior to the 60th day following your Separation from Service. On the 60th day following your Separation from Service, the Company will pay you in a lump sum the Salary Continuation or Change of Control Salary Continuation and other Severance Benefits that you would have received on or prior to such date under the original schedule but for the delay while waiting for the 60th day in compliance with Code Section 409A and the effectiveness of the release, with the balance of the Salary Continuation or Change of Control Salary Continuation and other Severance Benefits being paid as originally scheduled. For the avoidance of doubt, in no event will you be entitled to benefits under both Section 8(c) and Section 8(d). If you would otherwise be eligible for severance benefits under both Section 8(c) and Section 8(d), you will receive the benefits set forth in Section 8(d) and such benefits shall be reduced by any benefits previously provided to you under Section 8(c).

(f) Definitions. For purposes of this Agreement, the following terms shall be defined as set forth below:

Change of Control. For purposes of this Agreement, "Change of Control" means:

(1) any merger or consolidation in which voting securities of Parent possessing more than fifty percent (50%) of the total combined voting power of Parent's outstanding securities are transferred to a person or persons different from the persons holding those securities immediately prior to such transaction and the composition of the Board of Parent following such transaction is such that the directors of Parent prior to the transaction constitute less than fifty percent (50%) of the membership of the Board of Parent following the transaction;

(2) Any acquisition, directly or indirectly, by an person or related group of persons (other than Parent or a person that directly or indirectly controls, is controlled by, or is under common control with, Parent) of beneficial ownership of voting securities of Parent possessing more than fifty percent (50%) of the total combined voting power of Parent's outstanding securities;
(3) Any acquisition, directly or indirectly, by a person or related group of persons of the right to appoint a majority of the directors of Parent; or
(4) Any sale, transfer or other disposition of all or substantially
all of the assets of parent;

provided, however, that a Change of Control shall not be deemed to have occurred if such Change in Control results solely from the issuance, in connection with a bona fide financing or series of financings by Parent or any entity that is an affiliate of Parent under the Securities Act (British Columbia), as amended from time to time (an "Affiliate"), of voting securities of Parent or any of its Affiliates which are convertible into voting securities. This definition of Change of Control is intended to conform to the definitions of "change in ownership of a corporation" and "change in ownership of a substantial portion of a corporation's assets" provided in Treasury regulation Sections 1.409A-3(i)(5)(v) and (vii).

(ii) Cause. For purposes of this Agreement, "Cause" shall mean one or more of the following: (1) conviction (or guilty or no plea) of a felony or crime of moral turpitude; (2) willful, continued failure or refusal to follow lawful and reasonable instructions of the Chief Executive Officer or the Board; (3) willful, continued failure to faithfully and diligently perform assigned duties; (4) unethical, fraudulent, or other serious misconduct; (5) conduct that materially discredits, or is materially detrimental to, the Company or any affiliate; or (6) material breach of Employee Confidential Information and Inventions Assignment Agreement, or material Company policies. The determination as to whether you are being terminated for Cause shall be made in good faith by the Company and shall be final and binding. The foregoing definition does not in any way limit the Company's ability to terminate your employment at any time. With respect to (2), (3), (4), and (6), Cause will only be deemed to have occurred after the expiration of 10 days without cure after written notice from the Company of such grounds for Cause, provided that such breach is reasonably curable.

(iii) Good Reason. For purposes of this Agreement, "Good Reason" shall mean the occurrence of any of the following events without your consent: (1) a material reduction in your Base Salary (unless pursuant to a salary reduction program applicable generally to the Company's similarly situated employees); (2) a material reduction in your duties, responsibilities or authority; or (3) the relocation of your principal place of employment, without your consent, in a manner that lengthens your one-way commute distance by fifty (50) or more miles from your then-current principal place of employment immediately prior to such relocation; provided, however, that, any such termination by you shall only be deemed for Good Reason pursuant to this definition if: (a) you give the Company written notice of your intent to terminate for Good Reason within thirty (30) days following the first occurrence of the condition(s) that you believes constitute(s) Good Reason, which notice shall describe such condition(s); (b) the Company fails to remedy such condition(s) within thirty (30) days following receipt of the written notice (the "Cure Period"); and (c) you voluntarily terminate your employment within thirty (30) days following the end of the Cure Period.

9. SECTION 409A. It is intended that all of the severance benefits and other payments payable under this letter satisfy, to the greatest extent possible, the exemptions from the application of Code Section 409A provided under Treasury Regulations l.409A-l(b)(4), l.409A-l(b)(5) and l.409A-l(b)(9), and this letter will be construed to the greatest extent possible as consistent with those provisions. For purposes of Code Section 409A (including, without limitation, for purposes of Treasury Regulation Section l.409A-2(b)(2)(iii)), your right to receive any installment payments under this letter (whether severance payments, reimbursements or otherwise) shall be treated as a right to receive a series of separate payments and, accordingly, each installment payment hereunder shall at all times be considered a separate and distinct payment. Notwithstanding any provision to the contrary in this letter, if you are deemed by the Company at the time of your Separation from Service to be a "specified employee" for purposes of Code Section 409A(a)(2)(B)(i), and if any of the payments upon Separation from Service set forth herein and/or under any other agreement with the Company are deemed to be "deferred compensation", then to the extent delayed commencement of any portion of such payments is required in order to avoid a prohibited distribution under Code Section 409A(a)(2)(B)(i) and the related adverse taxation under Section 409A, such payments shall not be provided to you prior to the earliest of (i) the expiration of the six-month period measured from the date of your Separation from Service with the Company, (ii) the date of your death or (iii) such earlier date as permitted under Section 409A without the imposition of adverse

taxation. Upon the first business day following the expiration of such applicable Code Section 409A(a)(2)(B)(i) period, all payments deferred pursuant to this paragraph shall be paid in a lump sum to you, and any remaining payments due shall be paid as otherwise provided herein or in the applicable agreement. No interest shall be due on any amounts so deferred.

10. PARACHUTE PAYMENTS. In the event that the benefits provided for in this Agreement or otherwise payable to you (i) constitute "parachute payments" within the meaning of Section 2800 of the Code and (ii) but for this section, would be subject to the excise tax imposed by Section 4999 of the Code, then your benefits under this Agreement or otherwise shall be payable either (a) in full, or (b) as to such lesser amount which would result in no portion of such benefits being subject to an excise tax under Section 4999 of the Code, whichever of the foregoing amounts, taking into account the applicable federal, state and local income taxes and the excise tax imposed by Section 4999, results in your receipt on an after-tax basis, of the greatest amount of benefits under this agreement or otherwise, notwithstanding that all or some portion of such benefits may be taxable under Section 4999 of the Code. In applying this principle, the reduction shall be made in a manner consistent with the requirements of Code Section 409A, and if more than one method of reduction will result in the same economic benefit, the items so reduced will be reduced pro rata. Unless you and the Company otherwise agree in writing, any determination required under this section shall be made in writing by the Company's independent public accountants (the "Accountants"), whose determination shall be conclusive and binding upon you and the Company for all purposes. For purposes of making the calculations required by this section, the Accountants may make reasonable assumptions and approximations concerning applicable taxes and may rely on reasonable, good faith interpretations concerning the application of Sections 280G and 4999 of the Code. You and the Company shall furnish to the Accountants such information and documents as the Accountants may reasonably request in order to make a determination under this section. The Company shall bear all costs the Accountants may reasonably incur in connection with any calculations contemplated by this section as well as any costs incurred by you with the Accountants for tax planning under Sections 280G and 4999 of the Code.

11. CONFIDENTIALITY OBLIGATIONS. As condition of your employment, you must sign and abide by the Company's standard form of Employee Confidential Information and Inventions Assignment Agreement, a copy of which is attached hereto as Exhibit A. In your work for the Company, you will be expected not to use or disclose any confidential information, including trade secrets, of any former employer or other person to whom you have an obligation of confidentiality. Rather, you will be expected to use only that information which is generally known and used by persons with training and experience comparable to your own, which is common knowledge in the industry or otherwise legally in the public domain, or which is otherwise provided or developed by the Company. You agree that you will not bring onto Company premises any unpublished documents or property belonging to any former employer or other person to whom you have an obligation of confidentiality. You hereby represent that your employment does not create a conflict with any agreement between you and a third-party.

12. ARBITRATION. To ensure the rapid and economical resolution of disputes that may arise in connection with your employment with the Company, you and the Company agree that any and all disputes, claims, or causes of action, in law or equity, including but not limited to statutory claims, arising from or relating to the enforcement, breach, performance, or interpretation of this Agreement, your employment with the Company, or the termination of your employment, shall be resolved pursuant to the Federal Arbitration Act, 9 U.S.C. § 1-16, to the fullest extent permitted by law, by final, binding and confidential arbitration conducted by JAMS or its successor, under JAMS' then applicable rules and procedures for employment disputes before a single arbitrator (available upon request and also currently available at http://www.jamsadr.com/rules-employment-arbitration/). You acknowledge that by agreeing to this arbitration procedure, both you and the Company waive the right to resolve any such dispute through a trial by jury or judge or administrative proceeding. In addition, all claims, disputes, or causes of action under this section, whether by you or the Company, must be brought in an individual capacity, and shall not be brought as a plaintiff (or claimant) or class member in any purported class or representative proceeding, nor joined or consolidated with the claims of any other person or entity. The arbitrator may not consolidate the claims of more than one person or entity, and may not preside over any form of representative or class proceeding. To the extent that the preceding sentences regarding class claims or proceedings are found to violate applicable law or are otherwise found unenforceable, any claim(s) alleged or brought on behalf of a class shall proceed in a court of law rather than by arbitration. This paragraph shall not apply to any action or claim that cannot be subject to mandatory arbitration as a matter of law (the "Excluded Claims"). In the event you intend to bring multiple claims, including an Excluded Claim, the Excluded Claims may be filed with a court, while any other claims will remain subject to mandatory arbitration. You will have the right to be represented by legal counsel at any arbitration proceeding. Questions of whether a claim is subject to arbitration under this agreement shall be decided by the arbitrator. Likewise, procedural questions which grow out of the dispute and bear on the final disposition are also matters for the arbitrator. The arbitrator shall: (a) have the authority to compel adequate discovery for the resolution of the dispute and to award such relief as would otherwise be permitted by law; and (b) issue a written statement signed by the arbitrator regarding the disposition of each claim and the relief, if any, awarded as to each claim, the reasons for the award, and the arbitrator's essential :findings and conclusions on which the award is based. The arbitrator shall be authorized to award all relief that you or the Company would be entitled to seek in a court of law. The Company shall pay all JAMS arbitration fees in excess of the administrative fees that you would be required to pay if the dispute were decided in a court of law. Nothing in this letter agreement is intended to prevent either you or the Company from obtaining injunctive relief in court

to prevent irreparable harm pending the conclusion of any such arbitration. Any awards or orders in such arbitration may be entered and enforced as judgments in the federal and state courts of any competent jurisdiction.

13. MISCELLANEOUS. This Agreement, including Exhibit A, is the complete and exclusive statement of all of the terms and conditions of your employment with the Company, and supersedes and replaces any and all prior agreements or representations with regard to the subject matter hereof, whether written or oral. It is entered into without reliance on any promise or representation other than those expressly contained herein, and it cannot be modified, amended or extended except in a writing signed by you and a duly authorized officer of the Company. This Agreement is intended to bind and inure to the benefit of and be enforceable by you and the Company, and our respective successors, assigns, heirs, executors and administrators, except that you may not assign any of your duties or rights hereunder without the express written consent of the Company. Whenever possible, each provision of this Agreement will be interpreted in such manner as to be effective and valid under applicable law, but if any provision of this Agreement is held to be invalid, illegal or unenforceable in any respect under any applicable law or rule in any jurisdiction, such invalidity, illegality or unenforceability will not affect any other provision or any other jurisdiction, but this Agreement will be reformed, construed and enforced as if such invalid, illegal or unenforceable provisions had never been contained herein. This Agreement and the terms of your employment with the Company shall be governed in all aspects by the laws of the State of Maryland.

This Agreement is conditioned upon satisfactory proof of your right to work in the United States and satisfactory completion of a Company-required background and reference check. If you agree to the terms and conditions set forth herein, please sign below.

We look forward to having you join us. If you have any questions about this Agreement, please do not hesitate to call me.

Best regards,

AURINIA PHARMA U.S., INC.

/s/ Max Donley

EVP, Internal Operations and Strategy

Accepted and agreed: /s/ Joe Miller

Date: 08-Apr-20

EXHIBIT A

EMPLOYEE CONFIDENTIAL INFORMATION AND INVENTION ASSIGNMENT AGREEMENT

AURINIA PHARMA U.S., INC.
For Maryland Employees

EMPLOYEE CONFIDENTIAL INFORMATION AND INVENTION ASSIGNMENT AGREEMENT
In consideration of my employment or continued employment by Aurinia Pharma U.S., Inc. ("Employer"), and its subsidiaries, parents, affiliates, successors and assigns (together with Employer, "Company"), the compensation paid to me now and during my employment with Company, and Company's agreement to provide me with access to its Confidential Information (as defined below), I enter into this Employee Confidential Information and Invention Assignment Agreement with Employer (the "Agreement'). Accordingly, in consideration of the mutual promises and covenants contained herein, Employer (on behalf of itself and Company) and I agree as follows:
1. Confidential Information Protections.
1.1 Recognition of Company's Rights; Nondisclosure. My employment by Company creates a relationship of confidence and trust with respect to Confidential Information (as defined below) and Company has a protectable interest in the Confidential Information. At all times during and after my employment, I will hold in confidence and will not disclose, use, lecture upon, or publish any Confidential Information, except as required in connection with my work for Company, or as approved by an officer of Company. I will obtain written approval by an officer of Company before I lecture on or submit for publication any material (written, oral, or otherwise) that discloses and/or incorporates any Confidential Information. I will take all reasonable precautions to prevent the disclosure of Confidential Information. Notwithstanding the foregoing, pursuant to 18 U.S.C. Section 1833{b), I will not be held criminally or civilly liable under any federal or state trade secret law for the disclosure of a trade secret that: (1) is made in confidence to a federal, state, or local government official, either directly or indirectly, or to an attorney, and solely for the purpose of reporting or investigating a suspected violation of law; or (2) is made in a complaint or other document filed in a lawsuit or other proceeding, if such filing is made under seal. I agree that Company information or documentation to which I have access during my employment, regardless of whether it contains Confidential Information, is the property of Company and cannot be. downloaded or retained for my personal use or for any use that is outside the scope of my duties for Company.

1.2 Confidential Information. "Confidential Information" means any and all confidential knowledge or data of Company, and includes any confidential knowledge or data that Company has received, or receives in the future, from third parties that Company has agreed to treat as confidential and to use for only certain limited purposes. By way of illustration but not limitation, Confidential Information includes (a) trade secrets, inventions, ideas, processes, formulas, software in source or object code, data, technology, know-how, designs and techniques, and any other work product of any nature, and all Intellectual Property Rights (defined below) in all of the foregoing (collectively, "Inventions"), including all Company Inventions (defined in Section 2.1); (b) information regarding research, development, new products, business and operational plans, budgets, unpublished financial statements and projections, costs, margins, discounts, credit terms, pricing, quoting procedures, future plans and strategies, capital-raising plans, internal services, suppliers and supplier information;
(c) information about customers and potential customers of Company, including customer lists, names, representatives, their needs or desires with respect to the types of products or services offered by Company, and other non-public information;
(d) information about Company's business partners and their services, including names, representatives, proposals, bids, contracts, and the products and services they provide; (e) information regarding personnel, employee lists, compensation, and employee skills; and (f) any other non-public information that a competitor of Company could use to Company's competitive disadvantage. However, Company agrees that I am free to use information that I knew prior to my employment with Company or that is, at the time of use, generally known in the trade or industry through no breach of this Agreement by me. Company further agrees that this Agreement does not limit my right to discuss my employment or unlawful acts in Company's workplace, including but not limited to sexual harassment, or report possible violations of law or regulation with any federal, state or local government agency, or to discuss the terms and conditions of my employment with others to the extent expressly permitted by Section 7 of the National Labor Relations Act, or to the extent that such disclosure is protected under the applicable provisions of law or regulation, including but not limited to "whistleblower" statutes or other similar provisions that protect such disclosure, to the extent any such rights are not permitted by applicable law to be the subject of nondisclosure obligations.

Certain identified information has been excluded from this exhibit because it both (i) is not material and (ii) would be competitively harmful if publicly disclosed.

1.3 Term of Nondisclosure Restrictions. I will only use or disclose Confidential Information as provided in this Section 1 and I agree that the restrictions in Section 1.1 are intended to continue indefinitely, even after my employment by

Company ends. However, if a time limitation on my obligation not to use or disclose Confidential Information is required under applicable law, and the Agreement or its restriction(s) cannot otherwise be enforced, Company and I agree that the two year period after the date my employment ends will be the time limitation relevant to the contested restriction; provided, however, that my obligation not to disclose or use trade secrets that are protected without time limitation under applicable law shall continue indefinitely.

1.4 No Improper Use of Information of Prior Employers and Others. During my employment by Company, I will not improperly use or disclose confidential information or trade secrets, if any, of any former employer or any other person to whom I have an obligation of confidentiality, and I will not bring onto Company's premises any unpublished documents or property belonging to a former employer or any other person to whom I have an obligation of confidentiality unless that former employer or person has consented in writing.

2. Assignments of Inventions.

2.1 Definitions. The term (a)"Intellectual Property Rights" means all past, present and future rights of the following types, which may exist or be created under the laws of any jurisdiction in the world: trade secrets, Copyrights, trademark and trade name rights, mask work rights, patents and industrial property, and all proprietary rights in technology or works of authorship (including, in each case, any application for any such rights and any rights to apply for any such rights, as well as all rights to pursue remedies for infringement or violation of any such rights); (b) "Copyright' means the exclusive legal right to reproduce, perform, display, distribute and make derivative works of a work of authorship (for example, a literary, musical, or artistic work) recognized by the laws of any jurisdiction in the world; (c) "Moral Rights" means all paternity, integrity, disclosure, withdrawal, special and similar rights recognized by the laws of any jurisdiction in the world; and (d)"Company Inventions" means any and all Inventions (and all Intellectual Property Rights related to Inventions) that are made, conceived, developed, prepared, produced, authored, edited, amended, reduced to practice, or learned or set out in any tangible medium of expression or otherwise created, in whole or in part, by me, either alone or with others, during my employment by Company, and all printed, physical, and electronic copies, and other tangible embodiments of Inventions.

2.2 Non-Assignable Inventions. I recognize that this Agreement will not be deemed to require assignment of any Invention that I develop entirely on my own time without using Company's equipment, supplies, facilities or trade secrets, or Confidential Information, except for Inventions that either (i) relate to Company's actual or anticipated business, research or development, or (ii) result from or are connected with any work performed by me for Company ("Nonassignable Inventions").

2.3 Prior Inventions.

(a) On the signature page to this Agreement is a list describing any Inventions that (i) are owned by me or in which I have an interest and that were made or acquired by me prior to my date of first employment by Company, and (ii) may relate to Company's business or actual or demonstrably anticipated research or development, and (iii) are not to be assigned to Company ("Prior Inventions"). If no such list is attached, I represent and warrant that no Inventions that would be classified as Prior Inventions exist as of the date of this Agreement.

(b) I agree that if I use any Prior Inventions and/or Nonassignable Inventions in the scope of my employment, or if I include any Prior Inventions and/or Nonassignable Inventions in any product or service of Company, or if my rights in any Prior Inventions and/or any Nonassignable Inventions may block or interfere with, or may otherwise be required for, the exercise by Company of any rights assigned to Company under this Agreement (each, a "License Event'), (i) I will immediately notify Company in writing, and (ii) unless Company and I agree otherwise in writing, I hereby grant to Company a non-exclusive, perpetual, transferable, fully-paid, royalty-free, irrevocable, worldwide license, with rights to sublicense through multiple levels of sublicensees, to reproduce, make derivative works of, distribute, publicly perform, and publicly display in any form or medium (whether now known or later developed), make, have made, use, sell, import, offer for sale, and exercise any and all present or future rights in, such Prior Inventions and/or Nonassignable Inventions. To the extent that any third parties have any rights in or to any Prior Inventions or any Nonassignable Inventions, I represent and warrant that such third party or parties have validly and irrevocably granted to me the right to grant the license stated above. For purposes of this paragraph, "Prior Inventions" includes any Inventions that would be classified as Prior Inventions, whether or not they are listed on the signature page to this Agreement.

2.4 Assignment of Company Inventions. I hereby assign to Employer all my right, title, and interest in and to any and all Company Inventions other than Nonassignable Inventions and agree that such assignment includes an assignment of all Moral

Rights. To the extent such Moral Rights cannot be assigned to Employer and to the extent the following is allowed by the laws in any country where Moral Rights exist, I hereby unconditionally and irrevocably waive the enforcement of such Moral Rights, and all claims and causes of action of any kind against Employer or related to Employer's customers, with respect to such rights. I further agree that neither my successors-in-interest nor legal heirs retain any Moral Rights in any Company Inventions. Nothing contained in this Agreement may be construed to reduce or limit Company's rights, title, or interest in any Company Inventions so as to be less in any respect than that Company would have had in the absence of this Agreement.

2.5 Obligation to Keep Company Informed. During my employment by Company, I will promptly and fully disclose to Company in writing all Inventions that I author, conceive, or reduce to practice, either alone or jointly with others. At the time of each disclosure, I will advise Company in writing of any Inventions that I believe constitute Nonassignable Inventions; and I will at that time provide to Company in writing all evidence necessary to substantiate my belief. Subject to Section 2.3(b), Company agrees to keep in confidence, not use for any purpose, and not disclose to third parties without my consent, any confidential information relating to Nonassignable Inventions that I disclose in writing to Company.

2.6 Government or Third Party. I agree that, as directed by Company, I will assign to a third party, including without limitation the United States, all my right, title, and interest in and to any particular Company Invention.

2.7 Ownership of Work Product. I acknowledge that all original works of authorship that are made by me (solely or jointly with others) within the scope of my employment and that are protectable by Copyright are "works made for hire," pursuant to United States Copyright Act (17 U.S.C., Section 101).

2.8 Enforcement of Intellectual Property Rights and Assistance. I will assist Company, in every way Company requests, including signing, verifying and delivering any documents and performing any other acts, to obtain and enforce United States and foreign Intellectual Property Rights and Moral Rights relating to Company Inventions in any jurisdictions in the world. My obligation to assist Company with respect to Intellectual Property Rights relating to Company Inventions will continue beyond the termination of my employment, but Company will compensate me at a reasonable rate after such termination for the time I actually spend on such assistance. If Company is unable for any reason, after reasonable effort, to secure my signature on any document needed in connection with the actions specified in this paragraph, I hereby irrevocably designate and appoint Employer and its duly authorized officers and agents as my agent and attorney in fact, which appointment is coupled with an interest, to act for and on my behalf to execute, verify and file any such documents and to do all other lawfully permitted acts to further the purposes of this Agreement with the same legal force and effect as if executed by me. I hereby waive and quitclaim to Company any and all claims, of any nature whatsoever, which I now or may hereafter have for infringement of any Intellectual Property Rights assigned to Employer under this Agreement.

2.9 Incorporation of Software Code. I agree not to incorporate into any Inventions, including any Company software, or otherwise deliver to Company, any software code licensed under the GNU General Public License, Lesser General Public License, or any other license that, by its terms, requires or conditions the use or distribution of such code on the disclosure, licensing, or distribution of any source code owned or licensed by Company, except in strict compliance with Company's policies regarding the use of such software or as directed by Company.

3. Records. I agree to keep and maintain adequate and current records (in the form of notes, sketches, drawings and in any other form that is required by Company) of all Confidential Information developed by me and all Company Inventions made by me during the period of my employment at Company, which records will be available to and remain the sole property of Employer at all times.

4. Duty of Loyalty During Employment. During my employment by Company, I will not, without Company's written consent, directly or indirectly engage in any employment or business activity that is directly or indirectly competitive with, or would otherwise conflict with, my employment by Company.

5. No Solicitation of Employees, Consultants, Contractors, or Customers or Potential Customers. I agree that during the period of my employment and for the one year period after the date my employment ends for any reason, including but not limited to voluntary termination by me or involuntary termination by Company, I will not, as an officer, director, employee, consultant, owner, partner, or in any other capacity, either directly or through others, except on behalf of Company:

5.1 solicit, induce, encourage, or participate in soliciting, inducing or encouraging any person known to me to be an employee, consultant, or independent contractor of Company to terminate his, her or its relationship with Company, even if I did not initiate the discussion or seek out the contact;

5.2 solicit, induce, encourage, or participate in soliciting, inducing, or encouraging any person known to me to be an employee, consultant, or independent contractor of Company to terminate his, her or its relationship with Company to render services to me or any other person or entity that researches, develops, markets, sells, performs or provides or is preparing to develop, market, sell, perform or provide Conflicting Services (as defined below);

5.3 hire, employ, or engage in a business venture to research, develop, market, sell, perform or provide Conflicting Services (as defined below) as partners or owners or other joint capacity any person then employed by Company or who has left the employment of Company within the preceding three months, or attempt to hire, employ, or engage in a business venture to research, develop, market, sell, perform or provide Conflicting Services as partners or owners or other joint capacity any person then employed by Company or who has left the employment of Company within the preceding three months;

5.4 solicit, induce or attempt to induce any Customer or Potential Customer (as defined below), to terminate, diminish, or materially alter in a manner harmful to Company its relationship with Company;

5.5 solicit or assist in the solicitation of any Customer or Potential Customer to induce or attempt to induce such Customer or Potential Customer to purchase or contract for any Conflicting Services; or

5.6 perform, provide or attempt to perform or provide any Conflicting Services for a Customer or Potential Customer.

The parties agree that for purposes of this Agreement, a "Customer or Potential Customer" is any person or entity who or which, at any time during the one year period prior to my contact with such person or entity as described in Sections 5.4,

5.5 or 5.6 above if such contact occurs during my employment or, if such contact occurs following the termination of my employment, during the one year period prior to the date my employment with Company ends: (i) contracted for, was billed for, or received from Company any product, service or process with which I worked directly or indirectly during my employment by Company or about which I acquired Confidential Information; or (ii) was in contact with me or in contact with any other employee, owner, or agent of Company, of which contact I was or should have been aware, concerning the sale or purchase of, or contract for, any product, service or process with which I worked directly or indirectly during my employment with Company or about which I acquired Confidential Information; or (iii) was solicited by Company in an effort in which I was involved or of which I was aware.

6. Non-Compete Provision.

6.1 I agree that for the one year period after the date my employment ends for any reason, including but not limited to voluntary termination by me or involuntary termination by Company, I will not, directly or indirectly, as an officer, director, employee, consultant, owner, partner, or in any other capacity solicit, perform, or provide, or attempt to perform or provide Conflicting Services (defined below) anywhere in the Restricted Territory (defined below), nor will I assist another person to solicit, perform or provide or attempt to perform or provide Conflicting Services anywhere in the Restricted Territory.

6.2 The parties agree that, for purposes of this Agreement, "Conflicting Services" means any product, service, or process or the research and development thereof, of any person or organization other than Company that directly competes with a product, service, or process, including the research and development thereof, of Company with which I worked directly or indirectly during my employment by Company or about which I acquired Confidential Information during my employment by Company.

6.3 The parties agree that, for purposes of this Agreement, "Restricted Territory" means (i) all counties in the state in which I primarily perform services for Company; (ii) all other states of the United States of America in which Company, with my involvement in some capacity, including, without limitation, my having knowledge of Confidential Information related thereto, provided goods or services, had customers, or otherwise conducted business at any time during the two-year period prior to the date of the termination of my relationship with Company; and (iii) any other countries from which Company provided goods or services, had customers, or otherwise conducted business, with my involvement in some capacity, including, without limitation, my having knowledge of Confidential Information related thereto, at any time during the two-year period prior to the date of the termination of my relationship with Company.

7. Reasonableness of Restrictions. I have read this entire Agreement and understand it. I acknowledge that (a) I have the right to consult with counsel prior to signing this Agreement, (b) I will derive significant value from Company's agreement to provide me with Company Confidential Information to enable me to optimize the performance of my duties to Company, and (c) that my fulfillment of the obligations contained in this Agreement, including, but not limited to, my obligation neither to disclose nor to use Company Confidential Information other than for Company's exclusive benefit and my obligations not to compete and not to solicit are necessary to protect Company Confidential Information and, consequently, to preserve the value and goodwill of Company. I agree that (i) this Agreement does not prevent me from earning a living or pursuing my career, and (ii) the restrictions contained in this Agreement are reasonable, proper, and necessitated by Company's legitimate business interests. I represent and agree that I am entering into this Agreement freely, with knowledge of its contents and the intent to be bound by its terms. If a court finds this Agreement, or any of its restrictions, are ambiguous, unenforceable, or invalid, Company and I agree that the court will read the Agreement as a whole and interpret such restriction(s) to be enforceable and valid to the maximum extent allowed by law. If the court declines to enforce this Agreement in the manner provided in this Section and/or Section 13.2, Company and I agree that this Agreement will be automatically modified to provide Company with the maximum protection of its business interests allowed by law, and I agree to be bound by this Agreement as modified.

8. No Conflicting Agreement or Obligation. I represent that my performance of all the terms of this Agreement and as an employee of Company does not and will not breach any agreement to keep in confidence information acquired by me in confidence

or in trust prior to my employment by Company. I have not entered into, and I agree I will not enter into, any written or oral agreement in conflict with this Agreement.

9. Return of Company Property. When I cease to be employed by Company, I will deliver to Company any and all materials, together with all copies thereof, containing or disclosing any Company Inventions, or Confidential Information. I will not copy, delete, or alter any information contained upon my Company computer or Company equipment before I return it to Company. In addition, if I have used any personal computer, server, or e-mail system to receive, store, review, prepare or transmit any Company information, including but not limited to, Confidential Information, I agree to provide Company with a computer-useable copy of all such information and then permanently delete such information from those systems; and I agree to provide Company access to my system as reasonably requested to verify that the necessary copying and/or deletion is completed. I further agree that any property situated on Company's premises and owned by Company, including disks and other storage media, filing cabinets or other work areas, is subject to inspection by Company's personnel at any time during my employment, with or without notice. Prior to leaving, I hereby agree to: provide Company any and all information needed to access any Company property or information returned or required to be returned pursuant to this paragraph, including without limitation any login, password, and account information; cooperate with Company in attending an exit interview; and complete and sign Company's termination statement if required to do so by Company.

10. Legal and Equitable Remedies. I agree that (a) it may be impossible to assess the damages caused by my violation of this Agreement or any of its terms, (b) any threatened or actual violation of this Agreement or any of its terms will constitute immediate and irreparable injury to Company, and (c) Company will have the right to enforce this Agreement by injunction, specific performance or other equitable relief, without bond and without prejudice to any other rights and remedies that Company may have for a breach or threatened breach of this Agreement. I agree that if Company is successful in whole or in part in any legal or equitable action against me under this Agreement, Company will be entitled to payment of all costs, including reasonable attorney's fees, from me. If Company enforces this Agreement through a court order, I agree that the restrictions of Sections 5 and 6 will remain in effect for a period of 12 months from the effective date of the order enforcing the Agreement.

11. Notices. Any notices required or permitted under this Agreement will be given to Company at its headquarters location at the time notice is given, labeled "Attention Chief Executive Officer," and to me at my address as listed on Company payroll, or at such other address as Company or I may designate by written notice to the other. Notice will be effective upon receipt or refusal of delivery. If delivered by certified or registered mail, notice will be considered to have been given five business days after it was mailed, as evidenced by the postmark. If delivered by courier or express mail service, notice will be considered to have been given on the delivery date reflected by the courier or express mail service receipt.

12. Publication of This Agreement to Subsequent Employer or Business Associates of Employee. If I am offered employment, or the opportunity to enter into any business venture as owner, partner, consultant or other capacity, while the restrictions in Section 5 of this Agreement are in effect, I agree to inform my potential employer, partner, co-owner and/or others involved in managing the business I have an opportunity to be associated with, of my obligations under this Agreement and to provide such person or persons with a copy of this Agreement. I agree to inform Company of all employment and business ventures which I enter into while the restrictions described in Section 5 of this Agreement are in effect and I authorize Company to provide copies of this Agreement to my employer, partner, co-owner and/or others involved in managing the business I have an opportunity to be associated with and to make such persons aware of my obligations under this Agreement.

13. General Provisions.

13.l Governing Law; Consent to Personal Jurisdiction. This Agreement will be governed by and construed according to the laws of the State of Maryland without regard to any conflict of laws principles that would require the application of the laws of a different jurisdiction. I expressly consent to the personal jurisdiction and venue of the state and federal courts located in Maryland for any lawsuit filed there against me by Company arising from or related to this Agreement.

13.2 Severability. If any portion of this Agreement is, for any reason, held to be invalid, illegal or unenforceable, such invalidity, illegality or unenforceability will not affect the other provisions of this Agreement, and this Agreement will be construed as if such provision had never been contained in this Agreement. If any portion of this Agreement is, for any reason, held to be excessively broad as to duration, geographical scope, activity or subject, it will be construed by limiting and reducing it, so as to be enforceable to the extent allowed by the then applicable law.

13.3 Successors and Assigns. This Agreement is for my benefit and the benefit of Company and its and their successors, assigns, parent corporations, subsidiaries, affiliates, and purchasers, and will be binding upon my heirs, executors, administrators and other legal representatives.

13.4 Survival. This Agreement will survive the termination of my employment, regardless of the reason, and the assignment of this Agreement by Company to any successor in interest or other assignee.
13.5 Employment At-Will. I understand and agree that nothing in this Agreement will change my at-will employment status or confer any right with respect to continuation of employment by Company, nor will it interfere in any way with my right or Company's right to terminate my employment at any time, with or without cause or advance notice.
13.6 Waiver. No waiver by Company of any breach of this Agreement will be a waiver of any preceding or succeeding breach. No waiver by Company of any right under this Agreement will be construed as a waiver of any other right. Company will not be required to give notice to enforce strict adherence to all terms of this Agreement.
13.7 Export. I agree not to export, reexport, or transfer, directly or indirectly, any U.S. technical data acquired from Company or any products utilizing such data, in violation of the United States export laws or regulations.
13.8 Counterparts. This Agreement may be executed in two or more counterparts, each of which will be deemed an original, but all of which together will constitute one and the same instrument. Counterparts may be delivered via facsimile, electronic mail (including pdf or any electronic signature complying with the U.S. federal ESIGN Act of 2000, Uniform Electronic Transactions Act or other applicable law) or other transmission method and any counterpart so delivered will be deemed to have been duly and validly delivered and be valid and effective for all purposes.
13.9 Advice of Counsel. I ACKNOWLEDGE THAT, IN EXECUTING THIS AGREEMENT, I HAVE HAD THE OPPORTUNITY TO SEEK THE ADVICE OF INDEPENDENT LEGAL COUNSEL, AND I HAVE READ AND UNDERSTOOD ALL OF THE TERMS AND PROVISIONS OF THIS AGREEMENT. THIS AGREEMENT WILL NOT BE CONSTRUED AGAINST ANY PARTY BY REASON OF THE DRAFTING OR PREPARATION OF THIS AGREEMENT.
13.10 Entire Agreement. The obligations in Sections 1 and 2 (except Section 2.2) of this Agreement will apply to any time during which I was previously engaged, or am in the future engaged, by Company as a consultant if no other agreement governs nondisclosure and assignment of inventions during such period. This Agreement is the final, complete and exclusive agreement of the parties with respect to the subject matter of this Agreement and supersedes and merges all prior discussions between us, provided, however, if, prior to execution of this Agreement, Company and I were parties to any agreement regarding the subject matter hereof, that agreement will be superseded by this Agreement prospectively only. No modification of or amendment to this Agreement will be effective unless in writing and signed by the party to be charged. Any subsequent change or changes in my duties, salary or compensation will not affect the validity or scope of this Agreement.

[Signatures to follow on next page]

This Agreement will be effective as of the date signed by the Employee below.
For Maryland Employees

AURINIA PHARMA U.S., INC.

/s/ Max Donley

EVP, Internal Operations and Strategy

Accepted and agreed: /s/ Joe Miller

Date: 08-Apr-20

PRIOR INVENTIONS

1. Prior Inventions Disclosure. Except as listed in Section 2 below, the following is a complete list of all Prior Inventions:
No Prior Inventions.
See below:

Additional sheets attached.

2. Due to a prior confidentiality agreement, I cannot complete the disclosure under Section I above with respect to the Prior Inventions generally listed below, the intellectual property rights and duty of confidentiality with respect to which I owe to the following party(ies):

Excluded Invention	Parties	Relationship

Additional sheets attached.

Certain identified information has been excluded from this exhibit because it both (i) is not material and (ii) would be competitively harmful if publicly disclosed.

PERSONAL AND CONFIDENTIAL

September 29, 2020

Stephen Robertson **[redacted]**

Dear Stephen:

Re: Executive Employment Agreement with Aurinia Pharmaceuticals Inc.

We are pleased to offer you employment with Aurinia Pharmaceuticals Inc. (the **"Company")** as the Company's Executive Vice President, General Counsel, Corporate Secretary, and Chief Compliance Officer. This offer is subject to your acceptance of the terms and conditions set forth in this Executive Employment Agreement (this **"Employment Agreement")** and the attached Employee Confidentiality, Intellectual Property, and Restrictive Covenant Agreement (the **"Confidentiality Agreement").** This offer will expire on October 15, 2020, unless extended in writing by the Company. Please indicate your acceptance of this offer by signing and returning a copy of this Employment Agreement and the attached Confidentiality Agreement to me by email in PDF format to **[redacted]** no later than this date. The terms and conditions of your employment with the Company are set out below.

1. CONDITIONS.

a) **Background Check:** This offer and your employment with the Company is contingent on results from reference checks and, if reasonable and appropriate, other background checks (which may include criminal record, driver's abstract, healthcare sanction search, and/or other background checks) that are satisfactory to the Company in its sole discretion.

b) **Eligibility to Work in Canada:** Your employment with the Company is, at all times, conditional upon you being legally permitted to work in Canada. You agree to provide satisfactory proof that you are so permitted, as and when requested by the Company. You also agree that it is your sole responsibility to ensure you are legally permitted to work in Canada at all times during your employment, and you agree to provide the Company with notice immediately should you lose legal permission to work in Canada or should your legal permission expire at any point during your employment. You understand and agree that if you are not legally

permitted to work in Canada at any point in your employment relationship with the Company, this Employment Agreement will be considered frustrated, subject to applicable employment standards legislation.

2. **REPRESENTATION.** By signing this Employment Agreement, you represent to the Company that you are not subject to any restrictive covenant or agreement, including any employment agreement, non-competition covenant, non-solicitation covenant, non disclosure agreement or other similar agreement, covenant, understanding or restriction which would prohibit you from entering into this Employment Agreement and performing any of the duties of your position.

3. **TERM OF EMPLOYMENT.** Your employment with the Company will begin on November 2, 2020 (the **"Start Date"),** will be for an indefinite term, and will end when terminated in accordance with the provisions below (the **"Term").**

4. **POSITION.** The Company will employ you in the position of Executive Vice President, General Counsel, Corporate Secretary, and Chief Compliance Officer. You will report to the Chief Executive Officer. You will be responsible for and perform the duties as set out in **Appendix "A"** to this Employment Agreement, as well as any other duties as may be assigned to you by the Company from time to time. Subject to applicable employment standards legislation, the Company may make changes without notice to your position, duties, responsibilities and reporting arrangements in accordance with its business needs, and such changes will not constitute a breach of the terms of employment. You represent and warrant that you have the necessary expertise, experience, qualifications, certifications, knowledge and skills to perform the duties as set out in **Appendix "A"** to this Employment Agreement.

5. **SERVICE.** During the Term you will:

   a) well and faithfully serve the Company and use your best efforts to promote the best interests of the Company;

   b) devote the whole of your working time and attention to the business of the Company;

   c) not, without the prior written consent of the Company, which consent may be withheld at the sole discretion of the Company, engage in any other business, profession or occupation, or become involved in any capacity, directly or indirectly, with any other employer or business, where your engagement or involvement

conflicts or interferes with, or could reasonably conflict or interfere with at some future date, your performance of your duties and obligations to the Company; and

d) become familiar with and comply with all of the Company's policies and procedures as amended or adopted from time to time, subject to applicable employment standards legislation. The Company reserves the right to introduce, administer, amend and/or delete policies and procedures of its sole discretion, and such changes will not constitute a breach of the terms of employment. '

6. **WORK Location.** Your work location will be the Company's offices located in Victoria, British Columbia. The Company may make changes without notice to your

work location in accordance with its business needs, and such changes will not constitute a breach of the terms of employment, subject to applicable employment standards legislation.

7. **HOURS.** The position of Executive Vice President, General Counsel, Corporate Secretary, and Chief Compliance Officer is a full-time position. You acknowledge that your duties and obligations may require irregular or long hours. You shall perform the duties of the position for such hours as may be required for the timely and efficient completion of the duties.

8. **BASE SALARY.** You will be paid an annual base salary of US$ 425,000 (the **"Base Salary"),** to be paid bi-weekly or in accordance with the Company's regular payroll practices, as amended from time to time.

9. **BENEFITS.** You will be eligible starting the first day of your employment to participate in the standard group benefits program that the Company provides to its executives from time to time in its discretion, subject to the terms and conditions set out in the various provider benefit plans and insurance policies as amended from time to time (the **"Benefits").** Additional information regarding the Benefits is available for your review upon request. Subject to applicable employment standards legislation, you understand and agree that the Company reserves the right to unilaterally amend the terms of the Benefits from time to time or to eliminate any of them at any time, and that such amendment or elimination will not constitute a breach of the terms of employment.

10. **RETIREMENT SAVINGS PLAN.** You will be eligible to participate in the Company's Group Retirement Savings Plan (the **"RSP"),** as may be amended from time to time. Subject to applicable employment standards legislation, you understand and agree that

the Company reserves the right to unilaterally amend the terms of the **RSP** from time to time or to eliminate the RSP at any time, and that such amendment or elimination will not constitute a breach of the terms of employment. Your participation in the **RSP** shall terminate immediately upon your last day of you being Actively Employed, unless otherwise required to be extended by applicable provincial employment standards legislation, in which case your participation shall be extended for the minimum period required by applicable employment standards legislation (if any). For the purposes of this Employment Agreement, **"Actively Employed"** does not include any period following the termination of your employment for any reason, including during any period of notice of termination that is given or ought to have been given under this Employment Agreement or any applicable law, including the common law, in respect of such termination of employment for ·which pay in lieu of notice is provided, except to the minimum extent (if any) required by applicable employment standards legislation.

11. ANNUAL DISCRETIONARY BONUS PROGRAM. You will be provided an opportunity to participate in the Company's Annual Discretionary Bonus Program. Bonuses are at the sole and absolute discretion of the Board of Directors of the Company (the **"Board")** and are determined based on the achievement of personal and company goals, individual and

group performance criteria, financial performance of the Company and any other matters the Board may consider relevant. The target bonus for 2020 is 40% of your annual base salary. Any bonus that is awarded shall be paid within thirty (30) days after the Board's determination that a bonus shall be awarded. A bonus payment may or may not be paid in any given year and any payment made shall not be considered a precedent for any future year, subject to applicable employment standards legislation. The Company may in its sole discretion unilaterally amend the timing of the bonus payment or discontinue the Annual Discretionary Bonus Program at any time. Subject to **Section 23** and **Section 24** below, to receive a payment under the Annual Discretionary Bonus Program, you must remain Actively Employed through the date of the payment. Subject only to the express minimum requirements of the applicable employment standards legislation, if any, and except as expressly set out in **Section 23** and **Section 24** of this Employment Agreement, no payments will he paid or earned following your termination date, without regard to any notice or severance period to which you may then be entitled whether pursuant to contract, common law or otherwise, and you hereby waive any right that you might otherwise have had to damages or other amounts in lieu thereof.

12. EQUITY INCENTIVE PLAN. You may be provided an opportunity to participate in the Company's Equity Incentive Plan (the **"Equity Incentive Plan")** subject, at all times, to the sole and absolute discretion the Board.

Subject to applicable employment standards legislation, and with the exception of **Section 24** of this Employment Agreement, upon the termination of your employment under the provisions of this E:nployh1ent Agreement, any outstanding options or awards, as applicable, or other rights to acquire securities of the Company shall be governed solely by the terms of Equity Incentive Plan, or other agreements under which the rights have been granted; issued, or promised, and not by this Employment Agreement. Subject to applicable employment standards legislation, the Company may establish, modify, amend or terminate the Company's Equity Incentive Plan at any time in its sole discretion, and such changes will not constitute a breach of the terms of employment.

Except as otherwise provided in the Equity Incentive Plan, and subject to applicable employment standards legislation, you must be Actively Employed on the date options or awards vest in order for the options or awards to vest. Except as otherwise provided in the Equity Incentive Plan, and subject to applicable employment standards legislation, neither the period of notice nor any payment in lieu thereof will be considered as extending the period of your employment with respect to the vesting or exercise of stock options or awards, as applicable, granted.

13. INITIAL STOCK OPTION GRANT/AWARD GRANT. You will receive an initial stock option grant of valued at US$ 1,200,000 based on the closing price on November 2, 2020 pursuant to the Company's Equity Incentive Plan (the **"Initial Grant").** The Initial Grant will vest over a three-year period, with *12/36* of the Initial Grant vesting on the 12-month anniversary of the grant date of the Initial Grant (the **"Grant Date"),** and the remaining shares vesting equally over the following twenty-four (24) months (each a

"Tranche"), subject to the terms and conditions of the Equity Incentive Plan. The Initial Grant will have an exercise price per share equal to the closing price of the Company's common shares as reported on the stock exchange on which the majority of the Company's common shares are traded on the day immediately prior to the Grant Date and will have a term of ten (10) years. Unless you advise otherwise, the exercise price will be denominated in United States currency. If your Stai1 .Date falls within a "blackout" period under the Company's insider trading policy, your initial stock option will be granted after the "blackout" period is lifted.

Except as otherwise provided in the Equity Incentive Plan, except as otherwise provided in **Section 24** of this Employment Agreement, and subject to applicable employment standards legislation, you must be Actively Employed on the date a Tranche vests in order for the Tranche to vest. Except as otherwise provided in the Equity Incentive Plan, and subject to applicable employment standards legislation, neither the period of notice nor any payment in lieu thereof will be considered as extending the period of your employment with respect to the vesting or exercise of any Tranche.

14. VACATION. You v:ill receive paid vacation in accordance with the Company's policies and procedures as amended from time to time by the Company in its sole discretion. If you receive a vacation overpayment as a result of taking vacation in advance of it being earned, then, upon termination, you will be required to repay any vacation overpayment to the Company, except to any extent not permitted by applicable employment standards legislation. Such vacation overpayment will b e calculated by subtracting the total amount of vacation pay paid to you from the amount of vacation pay to which you are entitled, pro-rated to the Date of Termination. The vacation overpayment will become a debt payable by you to the Company (the **"Vacation Debt").**

For the purposes of this Employment Agreement, the **"Date of Termination"** means the last day you are Actively Employed with the Company, and does not include any period of notice of termination for w!1ich pay in lieu of notice is provided that is given or ought to have been given under this Agreement or any applicable law, including the common law, in respect of such termination of employment, except to the minimum extent (if any) required by applicable employment standards legislation.

15. DEDUCTIONS. In the event of the termination of your employment, for any reason, the Company shall be entitled to deduct from your wages any monies due from you' to the Company including but not limited to the Vacation Debt, outstanding loans, advances, or any other monies owed by you to the Company (the **"Debts"),** except to any extent not permitted by applicable employment standards legislation. You authorize the Company to deduct the Debts, or a portion of the Debts, from your final wages. If needed in any manner, you will sign a written authorization to this effect. If the Company is unable to deduct the entirety of the Debts from your final wages, then the Company will invoice you for the outstanding amount of the Debts, and you will pay the invoice within 30 days of the date the Company provides you with the invoice.

16. COMPLETE COMPENSATION. This Employment Agreement sets out your entire compensation and benefits entitlement for all hours worked and all services provided to the Company pursuant to this Employment Agreement, except for any other minimum

statutory entitlements required by applicable employment standards legislation. For clarity, regardless of the number of hours worked, except for any minimum statutory entitlements required by applicable employment standards legislation, you are not entitled to any additional remuneration, overtime, or time off in lieu in addition to the compensation and benefits set out in this Employment Agreement .

17. **TEMPORARY LAYOFF.** The Company may temporarily lay you off in accordance with the requirements of the British Columbia *Employment Standards Act,* or other applicable employment standards legislation, as amended from time to time. Such a temporary layoff shall not constitute a termination of your employment. Further, you will be deemed to have resigned your employment if you decline to accept recall of employment following such temporary layoff, except to any extent not permitted by applicable employment standards legislation, and shall not be entitled to any further compensation, except for your minimum statutory entitlements under applicable employment standards legislation.

18. **SUSPENSION.** Subject to applicable employment standards legislation, the Company may suspend your employment with or without pay in circumstances involving progressive discipline, corrective action or a workplace investigation. Such a suspension shall not constitute a termination of your employment.

19. **REMOTE WORKING.** The Company may require that you work from home either temporarily or indefinitely, and that further compensation/expense reimbursement will not be provided while you are working from home, subject to applicable employment standards legislation.

20. **CONFIDENTIALITY, INTELLECTUAL PROPERTY, AND RESTRICTIVE COVENANTS.** You acknowledge and agree that as an employee of the Company, you will use and have access to confidential information owned by the Company or entrusted to the Company by its customers or business partners, including but not limited to any information, documentation and data currently owned by, or provided to the Company and used by you to perform your job duties. You acknowledge and agree that it is a condition of your employment with the Company that you keep such information confidential during your employment with the· Company and following the termination of your employment with the Company for ,my cause or reason whatsoever. You also understand that it is condition of this Employment Agreement that you sign and abide by the terms of the Employee Confidentiality, Intellectual Property and Restrictive Covenant Agreement attached as **Appendix "B"** to this Employment Agreement (the **"Confidentiality Agreement").**

Certain identified information has been excluded from this exhibit because it both (i) is not material and (ii) would be competitively harmful if publicly disclosed.

21. PRIVACY AND USE OF TECHNOLOGY:

a) **Privacy:** You agree that you will take all necessary steps to protect and maintain personal information of the employees, contractors, or clients of the Company obtained in the course of your employment. You shall at all times comply, and shall assist the Company to comply, with all applicable privacy laws as may be applicable to the Company and its operations. By proceeding with your application to obtain employment with the Company, you understand that the Company, or its agent, will collect, use and disclose employee personal information about you for the purposes of establishing, managing or terminating the employment relationship between the Company and you and you hereby consent to the collection, use and disclosure of this employee personal information to the Company, various government agencies and the Company's benefits providers.

b) **Social Media:** You recognize that it is of utmost importance and concern to the Company and its owners that, as an employee of the Company, you conduct yourself at all times ethically, honestly and with integrity, and in accordance with Company policies and procedures which address Social Media use. As such, you agree that you will not engage in any communications on any social media platforms that may disparage the Company, its owners, management, clients, business partners, or employees, or any of their business or reputations.

c) **Electronic Media, Services, Property and Premises:** In the performance of your job duties for the Company you may use or have access to a variety of the Company's electronic media, software, devices and related services, and other property including its facilities, computers, email, telephones, voicemail, facsimile equipment, electronic bulletin boards, wire services, on-line services, internet, intranet and all related software licensing agreements, office supplies and premises. You acknowledge and agree that all such media, services, property and premises are provided solely for business purposes. All email, internet and other data that is composed, transmitted, or received via the Company's computer communications systems is considered to be part of the official records of the Company and, as such, is subject to disclosure to law enforcement or other third parties. Consequently, you should always ensure that the business information contained in email, internet or other messages and other transmissions are accurate, appropriate, ethical, and lawful.

d) **No Expectation of Privacy:** The equipment, services, and technology provided to access email and the internet remain at all times the property of the Company. As such, the Company reserves the right to monitor internet traffic, and retrieve and read any d2.ta composed, sent, or received through our online connections and stored in its computer systems. You should not have any expectation of privacy in respect to the use of the Company's information systems, voicemail, email or internet facilities, including any Company-owned o r Company-provided equipment such as computers, handheld devices and phones. The Company reserves the right at its sole discretion to audit any of the Company's information systems and equipment at any time, including internet usage, as well the right to monitor, access, and retrieve any email or attachments in the Company's email system, for any reason and without permission. The misuse of any of the Company's media, services, property, or premises may result in the immediate termination of your employment for just cause without any notice or payment in lieu of notice whatsoever.

22. RESIGNATION. Subject to **Section 24 (Termination Upon Change of Control)** below, in the event that you wish to resign from your employment with the Company, you agree to provide the Company with four (4) weeks' written notice of your resignation (the **"Resignation Notice").** If you so resign, you will be paid only the Base Salary earned up to the date of resignation, any accrued but unused vacation pay and any other minimum statutory entitlements under applicable employment standards legislation. Alternatively, the Company may waive the Resignation Notice, in whole or in part, subject to any minimum statutory entitlements under applicable employment standards legislation. Subject to applicable employment standards legislation, you agree that such ,waiver shall not constitute termination of your employment by the Company.

23. TERMINATION BY COMPANY WITHOUT JUST CAUSE.

The Company may terminate your employment ,without just cause at any time other than during the Change of Control Period (as defined below), by provide,1g you with notice of termination, payment in lieu of such notice, or a combination of written notice and payment in lieu of notice, at the Company's sole discretion, equal to twelve (12) months, plus one additional month for each full year of completed employment with the Company, up to a maximum of eighteen (18) months total inclusive of the twelve (12) months (the **"Severance Period"),** provided that, if at any time the British Columbia *Employment Standards Act* provides for a greater entitlement, you will receive the greater entitlement required by the British Columbia *Employment Standards Act.*

Payment in lieu of such notice pursuant to this **Section 23** will be paid in the form of salary continuance (the **"Salary Continuance"),** other than any minimum entitlements to

statutory payment in lieu of such notice required by the British Columbia *Employment Standards Act,* as amended from time to time, which will be paid as a lump sum. The Salary Continuance will be paid in equal installments on the Company's regular payroll schedule, as amended from time to time, commencing, subject to applicable employment standards legislation, for the period immediately following the expiry of the period of pay in lieu of notice required by the British Columbia *Employment Standards Act.*

For the purposes of this **Section 23,** the Salary Continuance will consist of Base Salary only, provided that, if at any time the British Columbia *Employment Standards Act* provides for a greater entitlement, you will receive the greater entitlement required by the British Columbia *Employment Standards Act.* For clarity, if applicable employment standards legislation requires Salary Continuance to consist of more than just Base Salary, the Company will ensure that the applicable employment standards legislative requirements are met and Salary Continuance will consist of more than just Base Salary to the extent required by applicable employment standards legislation.

In addition, upon termination in accordance with this **Section 23,** the Company will continue the Benefits you were participating in as at the date of notice of termination, until the earliest of: (A) the expiration of the Severance Period, (B) the expiration of your eligibility for the Benefits, or (C) the date when you become eligible for substantially equivalent health insurance coverage in connection with new employment or self employment, where permitted by the terms of the relevant plans, and subject to provider approval, or, if unable to continue the Benefits, will pay to you an amount equal to the cost of premiums for the Benefits that the Company paid prior to the date of notice of your termination (not your cost of you obtaining individual or family coverage) during the Severance Period.

In addition, upon termination without cause, the Company will pay to you a bonus under the Annual Discretionary Bonus Program described in **Section 11** above on a prorated basis, based upon the number of days worked to the Date of Termination in the calendar year of termination (the **"Prorated Annual Bonus").** To the maximum extent permissible by law and subject to applicable employment standards legislation, any such Prorated Annual Bonus is at the sole and absolute discretion of the Board and will be determined based on the achievement of personal and company goals, individual and group performance criteria, financial performance of the Company and any other matters the Board may consider relevant. Any such Prorated Annual Bonus will be paid in a lump sum on the date that all other executives of the Company receive annual bonuses, but in any event by no later than March 15 of the year following the year in which your employment is terminated.

Certain identified information has been excluded from this exhibit because it both (i) is not material and (ii) would be competitively harmful if publicly disclosed.

In addition, upon termination without cause, the Company will provide you with outplacement career counseling services that it considers to be reasonable and appropriate, in its sole discretion, up to a maximum of 10,000.

This **Section 23** describes the entirety of your entitlements. upon termination without cause, including statutory, contractual and common law amounts. You agree that these entitlements are reasonable and upon receipt of these entitlements the Company will have no further obligation to you in respect of the termination of your employment including,
, without limitation, any further compensation, severance pay or damages.

24. TERMINATION UPON CHANGE OF CONTROL.

a) For purposes of this **Section 24,** the following terms shall be defined as set forth below:

i. **"Change of Control"** means:

A. any merger or consolidation in which voting securities of the Company possessing more than fifty percent (50%) of the total combined voting power of the Company's outstanding securities are transferred to a person or persons different from the persons holding those securities immediately prior to such transaction and the composition of the Board of the Company following such transaction is such that the directors of the Company prior to the transaction constitute less than fifty percent (50%) of the membership of the Board of the Company following the transaction;

B. Any acquisition, directly or indirectly, by an person or related group of persons (other than the Company or a person that directly or indirectly controls, is controlled by, or is under common control ·with, the Company) of beneficial ownership of voting securities of the Company possessing more than fifty percent (50%) of the total combined voting power of the Company's outstanding securities;

C. Any acquisition, directly or indirectly, by a person or related group of persons of the right to appoint a majority of the directors of the Company; or

D. Any sale, transfer or other disposition of all or substantially all of the assets of the Company,

provided, however, that a Change of Control shall not be deemed to have occurred if such Change in Control results solely from the issuance, in connection with a bona fide financing or series of financings by the Company or any entity that is an affiliate of the Company under the *Securities Act* (British Columbia), as amended from time to time (an **"Affiliate"),** of voting securities of the Company or any of its Affiliates which are convertible into voting securities.

ii. **"Change of Control Period"** means the three (3) months prior to and the twelve (12) months following the effective date of a Change of Control.

iii. **"Good Reason"** means the occurrence of any of the following conditions without your consent:

A. a material reduction in the Base Salary (unless pursuant to a salary reduction program applicable generally to the Company's similarly situated employees);

B. a material reduction in your duties, responsibilities or authority; or

C. the relocation of your principal place of employment in a manner that lengthens your one-way commute distance by eighty (80) or more kilometers from your then-current principal place of employment immediately prior to such relocation.

iv. **"Resignation for Good Reason"** means termination of your employment by you if:

A. you give the Company written notice of your intent to terminate your employment for Good Reason within thirty (30) days following the first occurrence of the condition(s) that you believe constitute(s) Good Reason, which notice shall describe such condition(s);

B . the Company fails to remedy such condition(s) within thirty (30) days following receipt of the written notice (the **"Cure Period");**

C. you voluntarily terminate your employment within thirty (30) days following the end of the Cure Period; and

D. the conditions described in **Section 24(a)(iii)(A), Section 24 (a)(iii)(B),** and **Section 24(a)(iii)(C),** and the procedures described in **Section 24(a)(iv)(A), Section 24(a)(iv)(B),** and **Section 24(a)(iv)(C)** all occur within a Change of Control Period.

For clarity, if you resign for Good Reason, the Cure Period must expire, and you must resign, within the Change of Control Period in order to trigger your entitlements under this **Section 24.**

b) In the event the Company (or any successor) terminates your employment without cause, or you effect a Resignation for Good Reason in accordance with the procedure outlined at **Section 24(a)(iv)** above, within the Change of Control Period, in lieu of your entitlements under **Section 23** above, the Company will provide you with notice of termination, payment in lieu of such notice, or a combination of written notice and payment in lieu of notice, at the Company's sole discretion, equal to eighteen (18) months, provided that, if at any time the British Columbia *Employment Standards Act* provides for a greater entitlement, you will receive the greater entitlement required by the British Columbia *Employment Standards Act.*

c) Payment in lieu of such notice pursuant to this **Section 24** will be paid in the form of salary continuance (the **"COC Salary Continuance"),** other than any minimum entitlements to payment in lieu of such notice required by the British Columbia *Employment Standards Act,* as amended from time to time, which will be paid as a lump sum. The COC Salary Continuance will be paid in equal

installments on the Company's regular payroll schedule, as amended from time to time, commencing for the period immediately following the expiry of the period of pay in lieu of notice required by the British Columbia *Employment Standards Act.*

d) For the purposes of this **Section 24,** the COC Salary Continuance will consist of Base Salary only, provided that, if any time the British Columbia *Employment*

Standards Act provides for a greater entitlement, you will receive the greater entitlement required by the British Columbia *Employment Standards Act.*

e) In addition, upon termination in accordance with this **Section 24,** the Company will continue the Benefits you were participating in as at the date of notice of termination until the earliest of: (A) the expiration of the COC Severance Period,
(B) the expiration of your eligibility for the Benefits, or (C) the date when you become eligible for substantially equivalent health insurance coverage in connection with new employment or self-employment, where permitted by the terms of the relevant plans, and subject to provider approval, or, if unable to continue the Benefits, will pay to you an amount equal to the cost of premiums for the Benefits that the Company paid prior to the date of notice of your termination (not your cost of you obtaining individual or family coverage) during the COC Severance Period.

f) In addition, upon termination without cause in accordance with this **Section 24,** the Company will pay to you a bonus pursuant to the Annual Discretionary Bonus Program at target as described in **Section 11** above for a full twelve month period. Any such Annual Bonus will be paid in a lump sum on the date that all other executives of the Company receive annual bonuses, but in any event by no later than March 15 of the year following the year in which your employment is terminated.

g) In addition, upon termination in accordance with this **Section 24,** any unvested stock options or award grants conferred by the Company will immediately vest on the Date of Termination notwithstanding the provisions of the Equity Incentive Plan or any agreement thereunder, and will remain exercisable in accordance with the terms of the Equity Incentive Plan or any agreement thereunder until the date of their expiry as determined on the date of grant.

h) In addition, upon termination in accordance with this **Section 24,** the Company will provide you with outplacement career counseling services that it considers to be reasonable and appropriate, in its sole discretion, up to a maximum of $10,000.

i) This **Section 24** describes the entirety of your entitlements in the event the Company (or any successor) terminates your employment without cause, or you resign with Good Reason, within the Change of Control Period, including statutory, contractual and common law amounts. You agree that these

entitlements are reasonable and upon receipt of these entitlements the Company will have no further obligation to you in respect of the termination of your employment including, without limitation, any further compensation, severance pay or damages.

j) For clarity, you are not eligible to receive both the entitlements under **Section 23** and this **Section 24.** For the avoidance of doubt, if you would otherwise be eligible for severance benefits under both **Section 23** and **Section 24,** you will receive the benefits set forth in **Section 24** and such benefits shall be reduced by any benefits previously provided to you under **Section 23.**

25. CONDITIONS: It is a condition of you receiving the compensation and benefits set out in **Section 23** or **Section 24,** in excess of your minimum statutory entitlements under applicable employment standards legislation that you:

a) execute a r..ill and final release in favour of the Company, in a form to be provided by the Company, and substantially the same as set out in **Appendix "C",** prior to receiving the compensation and benefits set out in **Section 23** or **Section 24** in excess of the minimum notice or pay in lieu of notice as required by the British Columbia *Employment Standards Act;*

b) continue to comply with your obligations under the Confidentiality Agreement; and

c) immediately resign any directorship or office held in the Company or any parent, subsidiary or affiliated companies of the Company, in accordance with the terms of **Section 28** below.

If you do not satisfy these conditions, upon any termination of employment under **Section 23** or **Section 24** (including where there is Resignation For Good Reason), you agree that you will only be entitled to your minimum statutory entitlements required by applicable employment standards legislation, as amended from time to time, including statutory notice or statutory termination pay (if applicable), statutory benefits continuation (if applicable), statutory benefits continuation (if applicable) and accrued wages. You agree that you are not entitled to common law notice and waive any entitlements to common law reasonable notice.

26. TERMINATION FOR JUST CAUSE:

Notwithstanding anything in this Employment Agreement, the Company may terminate your employment at any time for Just Cause. If you are terminated for Just Cause, you will be paid only the Base Salary earned up to the Date of Termination and any accrued but unused vacation pay. For clarity, you will not receive any notice, pay in lieu of notice, compensation or benefits set out in **Section 23** or **Section 24,** or any other form of

compensation, benefits, severance pay or damages, subject to applicable employment standards legislation. For the purposes of this **Section 26, "Just Cause"** means that you have engaged in one or more of the following:

a) conviction of, or guilty plea to, an indictable offense;

b) willful, continued failure or refusal to follow lawful and reasonable instructions of the Chief Executive Officer or the Board;

c) willful, continued failure to faithfully and diligently perform assigned duties;

d) unethical, fraudulent, or other serious misconduct;

e) conduct that materially discredits, or is materially detrimental to, the Company or any affiliate;

f) material breach of this Employment Agreement, the Confidentiality Agreement, or material Company policies; and

g) any other conduct that would constitute just cause for termination at common law.

You agree that if the Company provides you with notice of termination or payment in lieu of such notice in accordance with **Section 23 or Section 24** above, the Company will not be prevented from alleging just cause for termination of the terms of your employment or this Employment Agreement. Further, you agree that if the Company unsuccessfully alleges just cause pursuant to this **Section 26,** or if you are found to have been constructively dismissed, your entitlement to notice or pay in lieu of notice will be limited to the entitlements set out in **Section 23 or Section 24** above, as applicable.

27. FRUSTRATION AS A RESULT OF DEATH OR DISABILITY. If your employment is frustrated as a result of your death or disability, you (or your estate, as applicable) will be provided with **only** the Base Salary earned up to the date of frustration, any accrued but

unused vacation pay and any other minimum statutory entitlements that may be required to be provided such as statutory notice or termination pay (if applicable), statutory benefits continuation (if applicable), and statutory severance pay (if applicable).

For clarity, you will not receive any notice, pay in lieu of notice, compensation or benefits set out in **Section 23 or Section 24,** or any other form of compensation, benefits, severance pay or d2mages.

28. DIRECTORSHIPS AND OFFICES: Upon the termination of your employment for any reason whatsoever, you shall be deemed to have immediately resigned any officer and director positions held in the Company or any parent, subsidiary or affiliated companies of the Company effective no later than the Date of Termination (or such other date as requested by the Company). Except as provided in this Employment Agreement or

· otherwise required by applicable employment standards legislation, you will not be

entitled to receive any written notice of termination or payment in lieu of notice, or to receive any severance pay, damages or compensation for loss of office or otherwise. If you fail to resign as required, the Company is irrevocably authorized to appoint some person in your name and on your behalf to sign any documents or do any things necessary or requisite to give effect to such resignation.

29. ARBITRATION. To ensure the rapid and economical resolution of disputes that may arise in connection with your employment with the Company, you and the Company agree that, with the exception of:

a) the Company seeking judicial relief by way of restraining order, interim, interlocutory or permanent injunction in the event of any actual or threatened breach by you of your covenants and obligations under **Section 20** and the Confidentiality Agreement; and

b) you bringing any disputes, complaints, claims or causes of action that cannot be subject to mandatory arbitration as a matter of law, including, but not limited to, disputes, complaints, claims or causes of action under applicable employment standards, human rights, or occupational health and safety legislation (the **"Excluded Claims"),**

all disputes, complaints, claims, or causes of action, in law or in equity, arising out of, or in connection with, this Employment Agreement, your employment with the Company, or the termination of your employment with the Company, will be finally resolved by

arbitration administered by ICDR Canada under its Canadian Arbitration Rules. The number of arbitrators shall be one and the place of arbitration shall be Vancouver, Canada. **You acknowledge that by agreeing to this arbitration procedure, both you and the Company waive the right to resolve any such dispute through a trial by jury or judge.** In addition, all claims, disputes, or causes of action under this section, whether by you or the Company, must be brought in an individual capacity, and shall not be brought as a plaintiff (or claimant) or class member in any purported class or. representative proceeding, and shall not be joined or consolidated with the claims of any other person or entity. The arbitrator may not consolidate the claims of more than one person or entity, and may not preside over any form of representative or class proceeding. To the extent that the preceding sentences regarding class claims or proceedings are found to violate applicable law or are otherwise found unenforceable, any claim(s) alleged or brought on behalf of a class shall proceed in a court of law rather than by arbitration.

In the event you intend to bring multiple claims, including one or more Excluded Claims, the Excluded Claims may be filed with a court or administrative tribunal, as applicable, while any other claims will remain subject to mandatory arbitration.

You will have the right to be represented by legal counsel at any arbitration proceeding at your own expense. Questions of whether a claim is subject to arbitration under this

agreement shall be decided by the arbitrator. Likewise, procedural questions which grow out of the dispute and bear on the final disposition are also matters for the arbitrator. The arbitrator shall: (a) have the authority to compel adequate discovery for the resolution of the dispute and to award such relief as would otherwise be permitted by law; and (b) issue a written statement signed by the arbitrator regarding the disposition of each claim and the relief, if any, awarded as to each claim, the reasons for the award, and the arbitrator's essential findings and conclusions on which the award is based. The arbitrator shall be authorized to award all relief that you or the Company would be entitled to seek in a court of law, including special costs. The Company shall pay all arbitration fees in excess of the administrative fees that you would be required to pay if the dispute were decided in a court of law. Any awards or orders in such arbitrations may be entered and enforced as judgments in the federal and provincial courts of any competent jurisdiction.

30. GENERAL.

a) **Compliance with Employment Standards:** The terms and conditions of this Employment Agreement are subject to the provisions of the British Columbia *Employment Standards Act,* as amended from time to time. If any term or condition

of this Employment Agreement conflicts with, or is inconsistent with, any provision of the British Columbia *Employment Standards Act,* the British Columbia *Employment Standards Act* shall prevail over, and shall amend, this Employment Agreement to the extent of any such conflict or inconsistency, and this Employment Agreement as so amended shall apply with retrospective effect to the commencement of your employment. Without limitation, it is the intention of the Company that all of your employment entitlements, including your termination entitlements, will meet or exceed what is required by the British Columbia *Employment Standards Act.* If at any time the British Columbia *Employment Standards Act* provides for a greater entitlement than what is set out in this Employment Agreement, you will receive the greater entitlement required by the British Columbia *Employment Standards Act.*

b) **Continuing Application:** The terms of this Employment Agreement will continue to apply throughout your employment, regardless of your length of service or any changes that may occur to your position, duties and responsibilities, compensation or benefits, or other terms of employment, unless you and the Company agree otherwise in writing. Without limiting the generality of the foregoing, **Section 23 (Termination by Company Without Just Cause), Section 24 (Termination Upon Change of Control),** and **Section 25 (Conditions)** will continue to apply throughout your employment regardless of your length of service or any changes that may occur to your position, duties and responsibilities, compensation or benefits, or other terms of employment, unless you and the Company agree otherwise in writing.

c) **Severability:** If any provision of this Employment Agreement shall, for any reason, be held to violate any applicable law or be unenforceable, in whole or in

part, the remainder of this Employment Agreement shall remain in full force and effect to the extent permitted by law.

d) **Inconsistency:** If there is an inconsistency between this Employment Agreement and any policies and procedures of the Company, this Employment Agreement supersedes .any such policies and procedures to the extent of the inconsistency, and will govern.

e) **Governing Law:** This Employment Agreement shall be governed by and construed in accordance with the laws of the Province of British Columbia and the laws of Canada applicable in British Columbia and shall be treated in all respects

as an British Columbia contract. By signing this Employment Agreement, you irrevocably attorn to and submit to the exclusive jurisdiction of the provincial and federal courts and tribunals of the Province of British Columbia, as applicable, with respect to any matters arising from or related to this Employment Agreement or your employment with the Company.

f) **Enurement:** This Employment Agreement will enure to the benefit of and be binding upon the patties hereto and their respective heirs, executors, administrators, successors, personal representatives and permitted assigns.

g) **Assignment:** The Company may assign this Employment Agreement to another person or entity. You will not assign your rights under this Employment Agreement, or delegate to others, any of your functions and duties under this Employment Agreement without the express written consent of the Company, which consent may be withheld in the Company's sole discretion.

h) **Confidentiality of Employment Agreement:** You will keep confidential and not disclose any of the terms of this Employment Agreement to any person, including to other employees or workers of the Company, unless required to do so by law or for the purpose of obtaining confidential legal, financial or tax planning advice.

i) **Statutory Deductions and Withholdings:** All compensation, benefits payments required to be made pursuant to this Employment Agreement, including but not limited to termination payments, are subject to applicable statutory deductions and withholdings as required by applicable government statutes and regulations including income tax, Employment Insurance (El) premiums and Canada Pension Plan (CPP) deductions.

j) **Entire Agreement:** The terms and conditions of your employment with the Company are set forth in this Employment Agreement and the attached Appendices, including the Confidentiality Agreement, and supersede all prior oral or written negotiations, representations, inducements, understandings and agreements that may exist between you and the Company. There are no representations, warranties, terms, conditions, undertakings or collateral

agreements, express, implied or statutory, between you and the Company other than as ex1Jressly set forth in this Employment Agreement and the attached Appendices, including the Confidentiality Agreement. This offer of employment, once accepted by you, will constitute the employment agreement between you and

the Company. This Employment Agreement cannot be modified, amended or extended except in a writing signed by you and a duly authorized officer of the Company.

k) **Survival:** All sections of this Employment Agreement that, by their drafting, are intended to persist after the termination of your employment and this Employment Agreement, and all other provisions of this Employment Agreement necessary for the interpretation and enforcement of any of those sections, will indefinitely survive the termination of your employment or the termination of this Employment Agreement.

If you agree to the terms and conditions set forth herein, please sign and date this Employment Agreement and the attached Confidentiality Agreement and return them to me prior to the Start Date.

We look forward to having you join us. If you have any questions about this Employment Agreement, please do not hesitate to call me.

Best regards,

AURINIA PHARMACEUTICALS INC.
/s/ Max Donley

EVP, Internal Operations and Strategy

/s/ Stephen P. Robertson

Certain identified information has been excluded from this exhibit because it both (i) is not material and (ii) would be competitively harmful if publicly disclosed.

Appendix A
DUTIES

The Executive Vice President (EVP), General Counsel, Corporate Secretary, and Chief Compliance Officer is a chief legal representative on legal issues regarding contracts, transactions, and risk management of the organization. This position performs and directs complex legal work and advises the CEO, Executive Team, and Board of Directors. This position also provides legal support to management and serves as an advisor to the CEO on business and risk matters.

Core Duties and Responsibilities, including but not limited to:

- Oversees risk management for Aurinia and its affiliates and subsidiaries (the organizations), including management of liability insurance programs and identifying and analyzing areas of potential risk and mitigating factors in the organizations' operations.
- Provides legal counsel and guidance to the CEO and other executives on business legal matters to support the effective opera lions of the organizations.
- Oversees the selection, retention, coordination, and supervision of work of outside attorneys and consults with them on sensitive legal issues as required to obtain legal opinions for transactions affecting the organizations.
- Oversees the drafting, review, and final preparation of contracts, business formation and other legal documents involved in the organizations' operations and for the delivery of the organizations' services. Provides technical expertise and advice related to legal strategy for transactions and business formation. Supervises the preparation of documents of a legal nature related to business and risk management of Aurinia and affiliates and subsidiaries.
- Responsible for securing and maintaining intellectual property rights of the organizations.
- Under the direction of the CEO, work with the Executive Officers to align and ensure implementation of strategic decisions and executive directives throughout the organizations.
- Coordinates with the CFO to ensure compliance with all applicable laws related to financial management and participates as necessary in audits and other financial controls.

Job Specifications:

- Demonstrated commitment to and knowledge of contracts, business transactions and risk management. Demonstrated ability to achieving results under demanding time frames.
- Demonstrated ability to provide leadership to assigned attorneys and staff and to foster a cooperative environment.
- Inspiring leadership, staff development, and performance management skills.
- Excellent verbal and written communication and analytical skills with sound decision-making. Exhibits high ethical standards and expects the same from all others in the organization.
- Demonstrated ability to work effectively with colleagues, government, stakeholder leadership, and the public.

Certain identified information has been excluded from this exhibit because it both (i) is not material and (ii) would be competitively harmful if publicly disclosed.

Minimum Qualifications:

Juris Doctorate (J.D.) and active Bar membership required.

Extensive legal experience in business transactions, contracts, 8(a) contracts and processed, risk management, and related.

Continued employment is contingent upon receipt of a satisfactory report from an applicable background check.

Certain identified information has been excluded from this exhibit because it both (i) is not material and (ii) would be competitively harmful if publicly disclosed.

Appendix B

EMPLOYEE CONFIDENTIALITY, INVENTION ASSIGNMENT, AND RESTRICTIVE COVENANT AGREEMENT (CANADA)

In consideration of my employment by **Aurinia Pharmaceuticals Inc.** ***("Employer"),*** and its subsidiaries, parents, affiliates, successors and assigns (together with Employer, ***"Company"),*** the compensation paid to me during my employment with Company, and Company's agreement to provide me with access to its Confidential Information (as defined below), I enter into this Employee Confidentiality, Invention Assignment, and Restrictive Covenant Agreement with Employer (the ***"Agreement"),*** Accordingly, in consideration of the mutual promises and covenants contained herein, Employer (on behalf of itself and Company) and I agree as follows:

1. Confidential Information Protections.

1.1 **Recognition of Company's Rights; Nondisclosure.** My employment by Company creates a relationship of confidence and trust with respect to Confidential Information (as defined below) and Company has a protectable interest in the Confidential Information. At all times during and after my employment, I will hold in confidence and will not disclose, use, lecture upon, or publish any Confidential Information, except as required in connection with my work for Company, or as approved by an officer of Company. I will obtain written approval by an officer of Company before T lecture on or submit for publication any material (written, oral, or otherwise) that discloses and/or incorporates any Confidential Information. T will take all reasonable precautions to prevent the disclosure of Confidential Information. Notwithstanding the foregoing, I will not be held criminally or civilly liable under any federal or provincial trade secret law for the disclosure of a trade secret that: (1) is made in confidence to a federal, provincial, or local government official, either directly or indirectly, or to an attorney, and solely for the purpose of reporting or investigating a suspected violation of law; or (2) is made in a complaint or other document filed in a lawsuit or other proceeding, if such filing is made under seal. If I become legally compelled by deposition, subpoena or other court or governmental action to disclose any Confidential Information, then I will give Company prompt notice to that effect and will cooperate with Company if Company seeks to obtain a protective and/or injunctive order concerning any Confidential Information. Further, if I become legally compelled by deposition, subpoena or other court or governmental action to disclose any Confidential Information, then I will disclose only such Confidential Information as my counsel shall advise is legally required or as a court may order. I agree that Company information or documentation to which I have access during my employment, regardless of whether it contains Confidential Information, is the property of Company and cannot be downloaded or retained for my personal use or for any use that is outside the scope of my duties for Company.

1.2 **Confidential Information.** ***"Confidential !, formation"*** means any and all confidential knowledge or data of Company, and includes any confidential knowledge or data that Company has received, or receives in the future, from third parties that Company has agreed to treat as confidential and to use for only certain limited purposes. By way of illustration but not limitation, Confidential Information includes (a) trade secrets, inventions, ideas, processes, formulas, software in source or object code, data, technology, know-how, designs and techniques, and any other work product of any nature, and all Intellectual Property Rights (defined below) in all of the foregoing (collectively, ***"Inventions"),*** including all Company Intellectual Property (defined in Section

Certain identified information has been excluded from this exhibit because it both (i) is not material and (ii) would be competitively harmful if publicly disclosed.

2.1); (b) information regarding research, development, new products, improvements, use, clinical design, business and operational plans, budgets, unpublished financial statements and projections, costs, margins, discounts, credit terms, pricing, quoting procedures, future plans and strategies, capital-raising plans, internal services, suppliers and supplier information, and policies and procedures; (c) information about customers and potential customers of Company, including customer lists, names, representatives, their needs or desires with respect to the types of products or services offered by Company, and other non-public information;

(d) information about Company's business partners and their services, including names, representatives, proposals, bids, contracts, and the products and services they provide; (e) information regarding personnel, employee lists, compensation, and employee skills; and (f) any other non-public information that a competitor of Company could use to Company's competitive disadvantage. However, Company agrees that T am free to use information that I knew prior to my employment with Company or that is, at the time of use, generally known in the trade or industry through no breach of this Agreement by me and no wrongful act or omission by any other person. Company further agrees that this Agreement does not limit my right to discuss my employment or unlawful acts in Company's workplace, including but not limited to sexual harassment, or report possible violations of law or regulation with any federal, provincial or local government agency, or to the extent that such disclosure is protected under the applicable provisions of law or regulation, including but not limited to "whistleblower" statutes or other similar provisions that protect such disclosure, to the extent any such rights are not permitted by applicable law to be the subject of nondisclosure obligations.

1.3 **Term of Nondisclosure Restrictions.** I will only use or disclose Confidential Information as provided in this Section 1 and I agree that the restrictions in Section 1.1 continue indefinitely, even after my employment by Company ends, for any reason, including but not limited to voluntary termination by me or involuntary termination by Company.

I .4 **No Improper Use of Information of Prior Employers and Others.** During my employment by Company, I will not improperly use or disclose confidential information or trade secrets, if any, of any former employer or any other person to whom I have an obligation of confidentiality, and I will not bring onto Company's premises any unpublished documents or property belonging to a former employer or any other person to whom I have an obligation of confidentiality unless that former employer or person has consented in writing.

2. Assignments of Inventions.

2.1 **Definitions.** The term (u) ***"Intellectual Property Rights"*** means all past, present and future rights of the following types, which may exist or be created under the laws of any jurisdiction in the world: trade secrets, Copyrights, trademark and trade name rights, mask work rights, patents and industrial property, and all proprietary rights in technology or works of authorship (including, in each case, any application for any such rights and any rights to apply for any such rights, as well as all rights lo pursue remedies for infringement or violation of any such rights); (b) ***"Copyright"*** means the exclusive legal right to reproduce, perform, display, distribute and make derivative works of a work of authorship (for example, a literary, musical, or artistic work) recognized by the laws of any jurisdiction in the world; (c) ***"Moral Rights"*** means all paternity, integrity, disclosure, withdrawal, special and similar rights recognized by the laws of any jurisdiction in the world; and (d) ***"Company Intellectual Property"*** means any and all inventions and literary and artistic works (and all Intellectual Property Rights related to such inventions and literary and artistic works) that are made, conceived,

developed, prepared, produced, improved upon, authored, edited, amended, reduced to practice, or learned or set out in any tangible medium of expression or otherwise created, in whole or in part, by me, either alone or with others, during my employment by Company, and all printed, physical, and electronic copies, and other tangible embodiment of such inventions.

2.2 **Non-Assignable Inventions.** I recognize that this Agreement will not be deemed to require assignment of any invention that I develop entirely on my own time without using Company's equipment, supplies, facilities or trade secrets, or Confidential Information, except for inventions that either (i) relate to Company's actual or anticipated business, research or development, or (ii) result from or are connected with any work performed by me for Company ***("Nonassignable Inventions").***

2.3 Prior Inventions.

(a) On the signature page to this Agreement is a list describing any inventions that (i) are owned by me or in which I have an interest and that were made or acquired by me prior to my date of first employment by Company, and (ii) may relate to Company's business or actual or demonstrably anticipated research or development, and
(iii) are not to be assigned to Company ***("Prior Inventions").*** If no such list is attached, I represent and warrant that no inventions that would be classified as Prior Inventions exist as of the date of this Agreement.

(b) I agree that if I use any Prior Inventions and/or Nonassignable Inventions in the scope of my employment, or if I include any Prior Inventions and/or Nonassignable Inventions in any product or service of Company, or if my rights in any Prior Inventions and/or any Nonassignable Inventions may block or interfere with, or may otherwise be required for, the exercise by Company of any rights assigned to Company under this Agreement (each, a ***"License Event"),*** (i) I will immediately notify Company in writing, and (ii) unless Company and I agree otherwise in writing, I hereby grant to Company a non-exclusive, perpetual, transferable, fully-paid, royalty-free, irrevocable, worldwide license, with rights to sublicense through multiple levels of sublicensees, to reproduce, make derivative works of, distribute, publicly perform, and publicly display in any form or medium (whether now known or later developed), make, have made, use, sell, import, offer for sale, and exercise any and all present or future rights in, such Prior Inventions and/or Nonassignable Inventions. To the extent that any third parties have any rights in or to any Prior Inventions or any Nonassignable Inventions, I represent and warrant that such third party or parties have validly and irrevocably granted to me the right to grant the license stated above. For purposes of this paragraph, ***"Prior Inventions"*** includes any inventions that would be classified as Prior Inventions, whether or not they are listed on the signature page to this Agreement.

2.4 **Assignment of Company Intellectual Property.** I hereby assign to Employer all my right, title, and interest in and to any and all Company Intellectual Property other than Nonassignable Inventions and agree that such assignment includes an assignment of all Moral Rights. To the extent such Moral Rights cannot be assigned to Employer and to the extent the following is allowed by the laws in any country where Moral Rights exist, I hereby unconditionally and irrevocably waive the enforcement of such Moral Rights, and all claims and causes of action of any kind against Employer or related to Employer's customers, with respect to such rights. I further agree that neither my successors-in interest nor legal heirs retain any Moral Rights in any Company Intellectual Property. Nothing contained in this Agreement may be construed to reduce or limit Company's rights, title, or

interest in any Company Intellectual Property so as to be less in any respect than that Company would have had in the absence of this Agreement.

2.5 **Obligation to Keep Company Informed.** During my employment by Company, I will promptly and fully disclose to Company in writing all inventions and literary and artistic works that I author, create, conceive, or reduce to practice, either alone or jointly with others. At the time of each disclosure, I will advise Company in writing of any inventions that I believe constitute Nonassignable Inventions; and I will at that time provide to Company in writing all evidence necessary to substantiate my belief. Subject to Section 2.3(b), Company agrees to keep in confidence, not use for any purpose, and not disclose to third patties without my consent, any confidential information relating to Nonassignable Inventions that I disclose in writing to Company.

2.6 **Government or Third Party.** I agree that, as directed by Company, I will assign to a third party, including without limitation to Canada, all my right, title, and interest in and to any particular Company Intellectual Property.

2.7 **Ownership of Work Product.** I acknowledge that all original works of authorship that are made by me (solely or jointly with others) within the scope of my employment and that are protectable by Copyright are works made in the course of employment and are owned by Company.

2.8 **Enforcement of Intellectual Property Rights and Assistance.** I will assist Company, in every way Company requests, including signing, verifying and delivering any documents and performing any other acts, to obtain and enforce worldwide Intellectual Property Rights and Moral Rights relating to Company Intellectual Prope1ty, and any Prior Inventions and/or Nonassignable Inventions licensed to Company pursuant to a License Event as set out in Section 2.3(b), in any jurisdictions in the world. My obligation to assist Company with respect to Intellectual Property Rights relating to Company Intellectual Property will continue beyond the termination of my employment, but Company will compensate me at a reasonable rate after such termination for the time I actually spend on such assistance. If Company is unable for any reason, after reasonable effort, to secure my signature on any document needed in connection with the actions specified in this paragraph, I hereby irrevocably designate and appoint Employer and its duly authorized officers and agents as my agent and attorney in fact, which appointment is coupled with an interest, to act for and on my behalf to execute, verify and file any such documents and to do all other lawfully permitted acts to further the purposes of this Agreement with the same legal force and effect as if executed by me. I hereby waive and quitclaim to Company any and all claims, of any nature whatsoever, which I now or may hereafter have for infringement of any Intellectual Property. Rights assigned to Employer under this Agreement.

2.9 **Incorporation of Software Code.** I agree not to incorporate into any inventions, literary works, and a'artistic works, including any Company software, or otherwise deliver to Company, any software code licensed under the GNU General Public License, Lesser General Public License, or any other license that, by its terms, requires or conditions the use or distribution of such code on the disclosure, licensing, or distribution of any source code owned or licensed by Company, **except** in strict compliance with Company's policies regarding the use of such software or as directed by Company.

3. Records. I agree to keep and maintain adequate and current records (in the form of notes, sketches, drawings and in any other form that is required by Company) of all Confidential Information developed by me and all Company Intellectual Property made by me during the period of my employment with Company, which records will be available to and remain the sole property of Employer at all times.

4. No Solicitation of Persons Employed or Engaged, Customers or Potential Customers. I agree that during my employment with Company and for a period of twelve (12) months after the date my employment ends for any reason, including but not limited to voluntary termination by me or involuntary termination by Company, I will not, as an officer, director, employee, consultant, owner, partner, or in any other capacity, either directly or through others, except on behalf of Company:

a) solicit, induce, encourage, or participate in soliciting, inducing or encouraging any Person Employed or Engaged by Company (as defined below) to terminate his, her or its relationship with Company;

b) solicit, induce, encourage, or participate in soliciting, inducing, or encouraging any Person Employed or Engaged by Company to terminate his, her or its relationship with Company to render services to me or any other person or entity that engages in, or is preparing to engage in, the Competitive Business (as defined below);

c) hire, employ or engage in a business venture any Person Employed or Engaged by Company for the purposes of engaging in, or preparing to engage in, the Competitive Business (as defined below);

d) solicit, induce, encourage, or participate in soliciting, inducing, or encouraging any Customer or Potential Customer (as defined below), to terminate, diminish, or materially alter in a manner harmful to Company its relationship with Company; or

e) contact or communicate with any Customer or Potential Customer for the purpose of offering for sale any products, services or processes for the treatment of autoimmune and inflammatory diseases;

The parties agree that for purposes of this Agreement:

a) ***"Competitive Business"*** means the research, development, testing, sale and marketing of products, services and processes for the treatment of autoimmune and inflammatory diseases.

b) ***"Customer"*** means any person or entity to whom I provided products, services or processes, or about whom I received Confidential Information during the course of my employment with Company; provided that, after the termination of my employment for any reason, "Customer" shall only include those persons or entities who I knew were a Customer at any time during the twelve (12) months preceding the termination of my employment;

c) ***"Person Employed or Engaged by Company"*** means any person that is employed or engaged as a contractor by Company during the course of my employment with Company; provided that, after termination of my employment for any reason, "Person Employed or Engaged by Company" shall only

include any person who I knew was employed or engaged as a contractor by Company during the twelve (12) months preceding the termination of my employment;

d) ***"Potential Customer"*** means any person or entity that has not yet become a Customer of the Company, but who was contacted for the purposes of doing business with Company or solicited by Company during the course of my employment with Company; provided that, after the termination of my employment for any reason, "Potential Customer" shall only include those persons or entities who I knew were a Potential Customer at any time during the twelve (12) months preceding the termination of my employment.

5. Non-Compete Provision.

5.1 I agree that during my employment with Company and for a period of twelve (12) months. after the date my employment ends for any reason, including but not limited to voluntary termination by me or involuntary termination by Company, Twill not, directly or indirectly, anywhere in the Restricted Territory (as defined below):

a) Engage in, whether as an officer, director, employee, consultant, owner, partner, or in any other capacity, any undertaking or business that engages in the Competitive Business in a capacity similar to any position I held with Company during my employment with Company; or

b) Have an interest in, whether as owner, shareholder, lender, guarantor or otherwise, any unde1iaking or business that engages in the Competitive Business.

The parties agree that, for purposes of this Agreement, ***"Restricted Territory"*** means British Columbia, CA.

6. Reasonableness of Restrictions. I have read this entire Agreement and understand it. I acknowledge that (a) I have the right to consult with counsel prior to signing this Agreement, (b) l will derive significant value from Company's agreement to provide me with Company Confidential Information to enable me to optimize the performance of my duties to Company, and (c) that my fulfillment of the obligations contained in this Agreement, including, but not limited to, my obligation neither to disclose nor to use Company Confidential Information other than for Company's exclusive benefit and my obligations not to compete and not to solicit are necessary to protect Company Confidential Information and, consequently, to preserve the value and goodwill of Company. I agree that (i) this Agreement does not prevent me from earning a living or pursuing my career, and (ii) the restrictions contained in this Agreement are reasonable, proper, and necessitated by Company's legitimate business interests. I represent and agree that I am entering into this Agreement freely, with knowledge of its contents and the intent to be bound by its terms. If a court finds this Agreement, or any of its restrictions, are ambiguous, unenforceable, or invalid, Company and I agree that the court will read the Agreement as a whole and interpret such restriction(s) to be enforceable and valid to the maximum extent allowed by law.

7. Return of Company Property. When I cease to be employed by Company for any reason, including but not limited to voluntary termination by me or involuntary termination by Company, and at any earlier time upon request of Company, I will deliver to Company any and all materials, together with all copies thereof, containing or disclosing any Company Intellectual Property, or Confidential Information. I will not copy, delete, or alter any information contained upon my Company computer or Company equipment before I return it to Company. In addition, if I have used any personal computer, server, or e-mail system to receive, store, review, prepare or transmit any Company information, including but not limited to, Confidential Information, I agree to provide Company with a computer-useable copy of all such information and then permanently delete such information from those systems; and I agree to provide Company access to my system as reasonably requested to verify that the necessary copying and/or deletion is completed. I further agree that any prope1iy situated on Company's premises and owned by Company, including disks and other storage media, filing cabinets or other work areas, is subject to inspection by Company's personnel at any time during my employment, with or without notice. When I cease to be employed by Company, and at any earlier time upon request of Company, I hereby agree to provide Company any and all information needed to access any Company property or information returned or required to be returned pursuant to this paragraph, including without limitation any login, password, and account information. When I cease to be employed by Company, I hereby agree to cooperate with Company in attending an exit interview and to confirm in writing that I have complied with my obligations under this paragraph if so required by Company.

8. Legal and Equitable Remedies. I acknowledge and agree that the covenants and obligations under Section 4 and Section 5 of this Agreement are reasonable, necessary and fundamental to the protection of Company's legitimate business interests, and any breach of those covenants and obligations would result in loss and damage to Company for which Company could not be adequately compensated by an award of monetary damages. In the event of any actual or threatened breach of any of those covenants and obligations by me, Company will, in addition to all remedies available to Company at law or in equity, be entitled as a matter of right to judicial relief by way of a restraining order, interim, interlocutory or permanent injunction. I agree that if Company is successful in whole or in any legal or equitable action against me under this Agreement, Company will be entitled to payment of all costs, including reasonable attorney's fees, from me. If Company enforces this Agreement through a court order, I agree that the restrictions of Sections 4 and 5 will remain in effect for a period of twelve (12) months from the effective date of the order enforcing the Agreement.

9. Publication of This Agreement to Subsequent Employer or Business Associates of Employee. If I am offered employment, or the opportunity to enter into any business venture as owner, partner, consultant or other capacity, while the restrictions in Section 4 of this Agreement are in effect, I agree to inform my potential employer, partner, co-owner and/or others involved in managing the business I have an opportunity to be associated with, of my obligations under this Agreement and to provide such person or persons with a copy of this Agreement. I agree to inform Company of all employment and business ventures which I enter into while the restrictions described in Section 4 of this Agreement are in effect and I authorize Company to provide copies of this Agreement to my employer, partner, co-owner and/or others involved in managing the business I have an opportunity to ·be associated with and to make such persons aware of my obligations under this Agreement.

10. General Provisions.

Certain identified information has been excluded from this exhibit because it both (i) is not material and (ii) would be competitively harmful if publicly disclosed.

10.1 **Continuing Application.** The terms of this Agreement will continue to apply throughout my employment with Company, regardless of my length of service or any changes that may occur to my position, duties and responsibilities, compensation or benefits, or other terms of employment, unless me and the Company agree otherwise in writing.

10.2 **Governing Law.** This Agreement shall be governed by and construed in accordance with the laws of the Province of British Columbia and the laws of Canada applicable in British Columbia and shall be treated in all respects as an British Columbia contract. By signing this Agreement, I irrevocably attorn to and submit to the exclusive jurisdiction of the provincial and federal courts and tribunals of the Province of British Columbia, as applicable, with respect to any matters arising from or related to this Agreement or my employment with the Company.

10.3 **Severability.** If any provision of this Agreement shall, for any reason, be held to violate any applicable law or be unenforceable, in whole or in part, the remainder of this Agreement shall remain in full force and effect to the extent permitted by law.

10.4 **Enurement.** This Agreement will enure to the benefit of and be binding upon the parties hereto and their respective heirs, executors, administrators, successors, personal representatives and permitted assigns.

10.5 **Assignment of Rights.** Company may assign this Agreement to another person or entity.

10.6 **Survival.** This Agreement will survive the termination of my employment, regardless of the reason, and the assignment of this Agreement by Company to any successor in interest or other assignee.

10.7 **Waiver.** No waiver by Company of any breach of this Agreement will be a waiver of any preceding or succeeding breach. No waiver by Company of any right under this Agreement will be construed as a waiver of any other right. Company will not be required to give notice to enforce strict adherence to all terms of this Agreement.

10.8 **Counterparts.** This Agreement may be executed in two or more counterparts, each of which will be deemed an original, but all of which together will constitute one and the same instrument. Counterparts may be delivered via facsimile, electronic mail (including pdf or any electronic signature complying with applicable law) or other transmission method and any counterpart so delivered will be deemed to have been duly and validly delivered and be valid and effective for all purposes.

10.9 **Advice of Counsel. I ACKNOWLEDGE THAT, IN EXECUTING THIS AGREEMENT, I HAVE HAD THE OPPORTUNITY TO SEEK THE ADVICE OF INDEPENDENT LEGAL COUNSEL, AND I HAVE READ AND UNDERSTOOD ALL OF THE TERMS AND PROVISIONS OF THIS AGREEMENT. THIS AGREEMENT WILL NOT BE CONSTRUED AGAINST ANY PARTY BY REASON OF THE DRAFTING OR PREPARATION OF THIS AGREEMENT.**

10.10 **Entire Agreement.** This Agreement, and the Employment Agreement to which this Agreement is attached, constitute the entire agreement between me and Company regarding my employment with Company, and supersede all prior oral or written understandings and agreements regarding my employment. There are no

representations, warranties, terms, conditions, undertakings or collateral agreements, express, implied or statutory, between me and the Company other than as expressly set forth in this Agreement and in the Employment Agreement to which this Agreement is attached. No modification of or amendment to this Agreement wi\! be effective unless in writing and signed by the party to be charged.

[Signatures to follow on next page]

This Agreement will be effective as of the date signed by the Employee below,

EMPLOYER: Aurinia Pharmaceuticals Inc. **EMPLOYEE:**

/s/ Max Donley */s/ Stephen P. Robertson*

Max Donley

(Printed Name)

EVP, Internal Operations and Strategy

(Title)

Certain identified information has been excluded from this exhibit because it both (i) is not material and (ii) would be competitively harmful if publicly disclosed.

MAJOR INVENTIONS

1. Prior Inventions Disclosure. Except as listed in Section 2 below the following is a complete list of all Prior Inventions:

No Prior Inventions. See below:

Additional sheets attached.

2 . Due to a prior confidentiality agreement, I cannot complete the disclosure under Section I above with respect to the Prior Inventions generally listed below, the intellectual property rights and duty of confidentiality with respect to which I owe to the following party(ies):

Excluded Invention	Party	**Relationship**

Additional sheets attached.

Certain identified information has been excluded from this exhibit because it both (i) is not material and (ii) would be competitively harmful if publicly disclosed.

Appendix C
FULL AND FINAL RELEASE (BRITISH COLUMBIA)

FOR AND IN CONSIDERATION of the terms and conditions set out in the letter dated September 29, 2020 from Aurinia Pharmaceuticals Inc. to me, I, Stephen Robertson, on behalf of myself, my heirs, successors and assigns (hereinafter collectively referred to as "me" or "I") hereby release and forever discharge **AURINIA PHARMACEUTICALS INC.** along with all parents, subsidiaries, affiliates and associated companies and entities, and together with all respective officers, directors, employees, servants and agents and their successors and assigns (hereinafter collectively referred to as the "Releasee") jointly and severally from any and all . actions, causes of action, claims, proceedings, liabilities, obligations, and costs which now or hereafter exist by reason of any events, acts or omissions prior to the execution of this Release in any way connected with my employment with the Releasee or the termination thereof, including but not limited to any claims for damages, including statutory notice, common law notice, bonus, commissions, disability, life or other insurance claims, indemnity benefits or other benefits, human rights damages, harassment, discrimination, costs, interest, loss or injury of every nature and kind whatsoever and howsoever arising, whether statutory or otherwise, which I may heretofore have had, may now have, or may hereafter have, in any way relating to the hiring of, the employment by and the cessation of the employment of me by the Releasee.

AND FOR THE SAID CONSIDERATION it is further agreed that I shall not make any claims (including any cross-claims, counter-claims, third party claims, actions or applications) or take any proceedings against any person or corporation who might claim contribution or indemnity against the Releasee in connection with matters which are subject of this release.

I HEREBY ACKNOWLEDGE that I have received all payments and amounts owing to me under the British Columbia *Employment Standards Act,* as amended, and that the payments made to me herein are in full and final satisfaction of any further entitlements I may have pursuant to the British Columbia *Employment Standards Act,* as amended. I covenant and undertake that I will not file any complaint for termination or severance pay, overtime or vacation pay or make any other claim pursuant to the British Columbia *Employment Standards Act.*

I FURTHER ACKNOWLEDGE that I am aware of my rights under the British Columbia *Human Rights Code,* as amended, and the British Columbia *Workers Compensation Act,* as amended. I hereby confirm that I am satisfied regarding the finality of the settlement, and that I have not filed, and have no intention to file, a human rights or prohibited action complaint or application in any way involving the Releasee. I declare that I have no complaint against the Releasee under the British Columbia *Human Rights Code,* as amended, or the British Columbia *Workers Compensation Act,* as amended.

I FURTHER ACKNOWLEDGE AND AGREE that, without limiting the generality of the release above, I release the Releasee from all discriminatory, harassing or related misconduct, whether or not related to or connected with my employment or cessation of employment, and I confirm that I release the Releasees from any obligations or liabilities arising from my employment benefits and termination of such benefits to the maximum extent permitted by law.

Certain identified information has been excluded from this exhibit because it both (i) is not material and (ii) would be competitively harmful if publicly disclosed.

I FURTHER ACKNOWLEDGE AND AGREE that, in the event withholdings have not been deducted from the consideration which should have been deducted, I shall indemnify and save harmless the Releasee from any resulting liabilities, obligations, and costs regarding

any claims which .Canada Revenue Agency or Employment Insurance Commission may have with respect to any payments made to or on behalf of me or in respect of any Canada Pension Plan or Employment Insurance benefits or contributions.

IT IS UNDERSTOOD AND AGREED that the beforementioned consideration is deemed to be no admission of liability on the part of the said Releasee.

IT IS HEREBY FURTHER COVENANTED AND AGREED that I will not disclose the terms or the nature of the settlement evidenced by the within Full and Final Release, save and except for my immediate family, my legal and financial advisors, and as may be required by law.

I HEREBY CONFIRM that I have been afforded an opportunity to independently review and read and obtain independent legal advice with respect to the details of this Full and Final Release and the settlement relating thereto, and confirm that I am executing this Full and Final Release freely, voluntarily and without duress.

IN WITNESS WHEREOF I have hereunto executed this Full and Final Release by affixing my hand and seal this whose signature is subscribed below day of , 20 in the presence of the witness

SIGNED, SEALED AND DELIVERED

in the presence of

Witness Signature Stephen Robertson

Certain identified information has been excluded from this exhibit because it both (i) is not material and (ii) would be competitively harmful if publicly disclosed.

EXECUTIVE EMPLOYMENT AGREEMENT

AURINIA PHARMACEUTICALS INC.

PRIVATE AND CONFIDENTIAL October 1, 2017

Neil Solomons
[redacted]

Dear Dr. Solomons:

Re: Terms of Employment with AURINIA PHARMACEUTICALS INC. (the "Corporation")

This Agreement confirms the terms and conditions of your employment by the Corporation and will constitute your employment agreement. Those terms and conditions are set out below:

1 . Position and Duties. You will be employed by and will serve the Corporation as **Chief Operating Officer** during the Term of this Agreement. You will report directly to the Chief Executive Officer of the Corporation or such other person that the Board of Directors (the "Board") may otherwise determine from time to time. Your position, duties and functions pertain to the Corporation and any of its subsidiaries from time to time and may be varied or added to from time to time by the Board, at its discretion.

2 . Term. The terms and conditions of this Agreement shall have effect as of and from **October 1, 2017** (the "Effective Date") and your employment shall continue until terminated as provided in this Agreement.

3. Base Salary. The Corporation shall pay you a base salary at the rate of **CDN $425,000** per year (the "**Base Salary**"), payable semi-monthly, subject to the withholding of all applicable statutory deductions from such Base Salary in respect of the Base Salary and including any taxable benefits received under this Agreement or in respect of your employment. As a managerial employee of the Corporation, you are not entitled to overtime pay or statutory holiday pay and your compensation noted above represents your pay for all hours worked for the Corporation.

4. Annual Review. The Board or compensation committee if established by the Board for the purposes of this Agreement (the "**Compensation Committee**") shall review your Base Salary annually. This review shall not result in a decrease of your Base Salary nor shall it necessarily result in an increase in your Base Salary and any increase shall be in the sole discretion of the Board.

Certain identified information has been excluded from this exhibit because it both (i) is not material and (ii) would be competitively harmful if publicly disclosed.

5 . Performance Bonus. The Corporation shall review the performance of your duties and functions under this Agreement annually, and shall pay you a cash bonus with a target payment of 40% of your Base Salary based on achieving certain objectives determined by the Board in its sole discretion (initially weighted 40% personal and 60% corporate but subject to adjustment by the Board), has determined that the Corporation and the employee have met their short-term and long –term business performance objectives (together, the "**Objectives**"), which objectives will be established from time to time by the Board and senior management in consultation with you, subject to any rules of the Corporation may develop regarding the bonus scheme. Payment of the performance bonus set out in this Section 5 shall be made to you within a reasonable time following the end of each fiscal year and shall be subject to the withholding of all applicable statutory deductions by the Corporation.

6 . Benefits. The Corporation will arrange for you and your family to be provided with health, medical, dental, accident and life insurance and such other benefits as are reasonable and appropriate for an executive level benefits plan, as determined by the Board from time to time, based on the recommendations of the Compensation Committee (if established), in consultation with you. You may be required to provide information and undergo reasonable assessments of the insurers in order to determine your eligibility for benefits coverage. Please note that coverage under any benefit plan in effect from time to time is subject to availability and other requirements of the applicable insurer and that the components of the benefits plan may be amended, modified or terminated from time to time by the Corporation in its sole discretion, and that this may include terminating or changing carriers.

7 . Vacation. During your employment with the Corporation under this Agreement, you will be entitled to an annual paid vacation as determined by the Corporation from time to time, of **30** days per annum, in addition to statutory holidays. The Corporation reserves the right, acting reasonably, to request that vacations be scheduled so as not to conflict with critical business operations. Vacation time should be taken in the year in which you are entitled to it, and should not be carried forward beyond June 30th of the subsequent year.

8. Reimbursement for Expenses. During your employment under this Agreement, the Corporation shall reimburse you for reasonable travelling and other expenses actually and properly incurred by you in connection with the performance of your duties and functions, such reimbursement to be made in accordance with, and subject to, the policies of the Corporation from time to time. For all such expenses you will be required to keep proper accounts and to furnish statements, vouchers, invoices and/or other supporting documents to the Corporation.

9 . Stock Options. You are eligible to receive stock options pursuant to the Corporation's Incentive Stock Option Plan as may be established from time to time. Any stock options granted to you will be in such numbers and upon such terms as the Board or the Compensation Committee may determine in its discretion, as the case may be. For

greater certainty, neither the period of notice nor any payment in lieu thereof will be considered as extending the period of your employment with respect to the vesting or exercise of any such options granted.

10. Compliance with Insider Trading Guidelines and Restrictions. As a result of your position, you will be subject to insider trading regulations and restrictions and are required to file insider reports disclosing the grant of any options as well as the purchase and sale of any shares in the capital of the Corporation. The Corporation may from time to time publish trading guidelines and restrictions for its employees, officers and directors as are considered by the Board, in its discretion, prudent and necessary for a publicly listed company. It is a term of your employment by the Corporation that you comply with such guidelines and restrictions.

11. No Other Compensation or Benefits. You expressly acknowledge and agree that unless otherwise expressly agreed in writing by the Corporation subsequent to execution of this Agreement by the parties hereto, you shall not be entitled by reason of your employment by the Corporation or by reason of any termination of such employment, to any remuneration, compensation or benefits other than as expressly set forth in this Agreement.

12. Service to Employer. During your employment under this Agreement you will:

(a) well and faithfully serve the Corporation;

(b) act in and promote the best interests of the Corporation;

(c) apply your skill and experience to the performance of your duties and responsibilities and devote substantially the whole of your working time, attention and energies to the business and affairs of the Corporation;

(d) comply with all lawful policies and procedures put in place by the Corporation from time to time; and

(e) not, without the prior approval of the Board, carry on or be engaged in any other business or occupation or become a director, officer, employee or agent of or hold any position or office with any other corporation, firm or person, except as a volunteer for a non-profit organization or in respect of civic or community activities, provided that such activities do not materially interfere with the performance of your duties under this Agreement.

13. Termination By Executive

(a) Subject to Section 16 (Termination Following Change in Control), you may resign from your employment at any time, but only by giving the Corporation at least 3 months' prior written notice of the effective date of your resignation. On the giving of any such notice, the Corporation will have the right to waive, in its sole discretion, the notice period, have you cease your employment immediately or at a specified date prior to the end of the notice period, and pay you the pro-

rated portion of your Base Salary, as referred to in Section 3 (Base Salary) and as adjusted from time to time in accordance with Section 4 (Annual Review), for the notice period or remainder of the notice period, as applicable, plus such other sums accrued and owing in respect of salary or vacation and, if granted, pursuant to Section 5 (Performance Bonus), bonus. In this case, your resignation and the termination of your employment will be effective on the date the Corporation waives the notice period (or remainder thereof).

(b) If the Corporation elects to pay you such lump sum in lieu of the notice period, or remainder of the notice period, as applicable, the Corporation shall, subject to the terms and conditions of any benefit plans in effect from time to time, maintain the benefits and payments set out in Section 6 (Benefits) of this Agreement for 3 months after the date of your notice, but in all other respects, your resignation and the termination of your employment will be effective immediately upon your receipt of the lump sum.

14. Termination by the Corporation Without Cause. The Corporation may terminate your employment at any time without Cause (as defined below) by providing you with notice of termination, pay in lieu of notice of termination (as defined below) or a combination of notice and pay in lieu of notice in the amounts set out below:

(a) Notice of termination, pay in lieu of notice of termination or a combination of notice and pay in lieu of notice equal to 16 months, plus one additional month for each full year of employment from the Effective Date of this Agreement, up to a maximum of 18 months in the aggregate.

(b) For purposes of this Section, pay in lieu of notice means your then current Base Salary as set out in Section 3 (Base Salary) and as adjusted from time to time in accordance with Section 4 (Annual Review). In addition, if some or all of the personal and corporate objectives have been satisfied prior to your last day of work for the Corporation, you will be entitled to a performance bonus pursuant to Section 5 (Performance Bonus) for the year of termination, with the amount to be determined based on the objectives satisfied.

(c) Any change that constitutes a constructive dismissal at common law shall be treated as a termination without cause and entitle you to the termination entitlements set out in this Section 14, provided that in any such case you have given the Corporation at least 30 days' notice to address any changes prior to ending your employment.

(d) If the Corporation elects to provide you, in whole or in part, with pay in lieu of notice of termination, at its sole discretion it may do so by way of one or more lump sum payments, by salary continuance payments or by a combination of lump sum and salary continuance payments. Any minimum statutory obligations will be paid to you in a lump sum.

(e) To the extent permitted by law and subject to the terms and conditions of any benefit plans in effect from time to time, the Corporation shall maintain the benefits and payments set out in Section 6 (Benefits) of this Agreement (the "**Maintenance Payments**") during the notice period.

(f) Notwithstanding Section 14(d), if you obtain a new source of remuneration for personal services, whether through an office, new employment, a contract for you to provide consulting or other personal services, or any position analogous to any of the foregoing, the Maintenance Payments shall terminate 9 months from the date of termination of your employment (excluding the notice period).

(g) In addition, the Corporation will arrange for you to be provided with such outplacement career counselling services as are reasonable and appropriate, to assist you in seeking new executive level employment.

(h) You shall not be required to mitigate the amount of any payment provided for in this Section 14 by seeking other employment or otherwise, nor will any sums actually received be deducted.

15. Termination by the Corporation for Cause. Notwithstanding Section 13 (Termination by Executive), Section 14 (Termination by the Corporation Without Cause), or Section 16 (Termination Following Change of Control), the Corporation may terminate your employment and if necessary require that you resign as a director of the Corporation for Cause at any time without any notice or severance. In this Agreement, "**Cause**" shall include, but not be limited to, the following:

(a) the commission of theft, embezzlement, fraud, obtaining funds or property under false pretences or similar acts of misconduct with respect to the property of the Corporation or its employees or the Corporation's customers or suppliers;

(b) your entering of a guilty plea or conviction for any crime involving fraud, misrepresentation or breach of trust, or for any serious criminal offence that impacts adversely on the Corporation; or

(c) any other matter constituting just cause at common law,

any of which shall entitle the Corporation to terminate your employment under this Section 15.

16. Termination Following Change in Control. Concurrently with execution and delivery of this Agreement, you and the Corporation shall enter into a "Change of Control Agreement" in the form attached hereto as **Schedule A** setting out the compensation provisions to be applicable in the event of the termination of your employment of the Corporation in certain circumstances following a "Change in Control" of the Corporation (as defined in the Change of Control Agreement). For certainty, you agree that the

entitlements pursuant to this Section 16 shall be in lieu of and not in addition to the termination entitlements set out in Section 14 of this Agreement.

17. No Additional Compensation upon Termination. It is agreed that neither you nor the Corporation shall, as a result of the termination of your employment, be entitled to any notice, fee, salary, bonus, severance or other payments, benefits or damages arising by virtue of, or in any way relating to, your employment or any other relationship with the Corporation (including termination of such employment or relationship) in excess of what is specified or provided for in Section 13 (Termination by Executive), Section 14 (Termination by the Corporation Without Cause), Section 15 (Termination by the Corporation for Cause), or Section 16 (Termination Following Change in Control), whichever is applicable. Payment of any amount whatsoever pursuant to Section 13 (Termination by Executive), Section 14 (Termination by the Corporation Without Cause), Section 15 (Termination by the Corporation for Cause), or Section 16 (Termination Following Change in Control) shall be subject to the withholding of all applicable statutory deductions by the Corporation.

18. Confidentiality and Work Product Ownership. Concurrently with execution and delivery of this Agreement and in consideration of your employment by the Corporation, you and the Corporation will enter into a "Confidentiality and Work Product Ownership Agreement" in the form attached hereto as **Schedule B**.

19. Disclosure of Conflicts of Interest. During your employment with the Corporation, you will promptly, fully and frankly disclose to the Corporation in writing:

(a) the nature and extent of any interest you or your Associates (as hereinafter defined) have or may have, directly or indirectly, in any contract or transaction or proposed contract or transaction of or with the Corporation or any subsidiary or affiliate of the Corporation;

(b) every office you may hold or acquire, and every property you or your Associates may possess or acquire, whereby directly or indirectly a duty or interest might be created in conflict with the interests of the Corporation or your duties and obligations under this Agreement; and

(c) the nature and extent of any conflict referred to in subsection (b) above.

In this Agreement the expression "**Associate**" shall include all those persons and entities that are included within the definition or meaning of "associate" as set forth in Section 1(1) of the *Securities Act* (British Columbia), as amended, or any successor legislation of similar force and effect, and shall also include your spouse, children, parents, brothers and sisters.

20. Avoidance of Conflicts of Interest. You acknowledge that it is the policy of the Corporation that all interests and conflicts of the sort described in Section 19 (Disclosure of Conflicts of Interest) be avoided, and you agree to comply with all policies and

directives of the Board from time to time regulating, restricting or prohibiting circumstances giving rise to interests or conflicts of the sort described in Section 19 (Disclosure of Conflicts of Interest). During your employment with the Corporation, without Board approval, in its sole discretion, you shall not enter into any agreement, arrangement or understanding with any other person or entity that would in any way conflict or interfere with this Agreement or your duties or obligations under this Agreement or that would otherwise prevent you from performing your obligations hereunder, and you represent and warrant that you or your Associates have not entered into any such agreement, arrangement or understanding.

21. Provisions Reasonable. It is acknowledged and agreed that:

(a) both before and since the Effective Date the Corporation has operated and competed and will operate and compete in a global market, with respect to the business of the Corporation set out in **Schedule C** attached hereto (the "**Business**");

(b) competitors of the Corporation and the Business are located in countries around the world;

(c) in order to protect the Corporation adequately, any enjoinder of competition would have to apply worldwide;

(d) during the course of your employment by the Corporation, both before and after the Effective Date, on behalf of the Corporation, you have acquired and will acquire knowledge of, and you have come into contact with, initiated and established relationships with and will come into contact with, initiate and establish relationships with, both existing and new clients, customers, suppliers, principals, contacts and prospects of the Corporation, and that in some circumstances you have been or may well become the senior or sole representative of the Corporation dealing with such persons; and

(e) in light of the foregoing, the provisions of Section 22 (Restrictive Covenant) below are reasonable and necessary for the proper protection of the business, property and goodwill of the Corporation and the Business.

22. Restrictive Covenant. Subject to the exceptions set out in **Schedule D** attached hereto, you agree that you will not, either alone or in partnership or in conjunction with any person, firm, company, corporation, syndicate, association or any other entity or group, whether as principal, agent, employee, director, officer, shareholder, consultant or in any capacity or manner whatsoever, whether directly or indirectly, for the term of employment and continuing for a period of 6 months from the termination of your employment, regardless of the reason for such termination:

(a) carry on or be engaged in, concerned with or interested in, or advise, invest in or give financial assistance to, any business, enterprise or undertaking that:

(a) is involved in the Business or in the sale, distribution, development or supply of any product or service that is competitive with the Business or any product or service of the Business; or

(b) competes with the Corporation with respect to any aspect of the Business;

provided, however, that the foregoing will not prohibit you from acquiring, solely as an investment and through market purchases, securities of any such enterprise or undertaking which are publicly traded, so long as you are not part of any control group of such entity and such securities, which if converted, do not constitute more than 5% of the outstanding voting power of that entity;

(b) solicit, agree to be employed by, or agree to provide services to any person, firm, company or other entity that was a client, customer, supplier, principal, shareholder, investor, collaborator, strategic partner, licensee, contact or prospect of the Corporation during the time of your employment with the Corporation, and whom you had knowledge of as a result of your employment, whether before or after the Effective Date, for any business purpose that is competitive with the Business or any product or service of the Business; or

(c) divert, entice or take away from the Corporation or attempt to do so or solicit for the purpose of doing so, any business of the Corporation.

23. Remedies. You acknowledge and agree that any breach or threatened breach of any of the provisions of Section 10 (Compliance with Insider Trading and Guidelines and Restrictions), Section 12 (Service to Employer), Section 18 (Confidentiality and Work Product Ownership), Section 19 (Disclosure of Conflicts of Interest), Section 20 (Avoidance of Conflicts of Interest) or Section 22 (Restrictive Covenant) could cause irreparable damage to the Corporation or its partners, subsidiaries or affiliates, that such harm could not be adequately compensated by the Corporation's recovery of monetary damages, and that in the event of a breach or threatened breach thereof, the Corporation shall have the right to seek an injunction, specific performance or other equitable relief as well as any equitable accounting of all your profits or benefits arising out of any such breach. It is further acknowledged and agreed that the remedies of the Corporation specified in this Section 23 are in addition to and not in substitution for any rights or remedies of the Corporation at law or in equity and that all such rights and remedies are cumulative and not alternative and that the Corporation may have recourse to any one or more of its available rights or remedies as it shall see fit.

24. Binding Effect. This Agreement shall be binding upon and inure to the benefit of the Corporation and its successors and assigns. Your rights and obligations contained in this Agreement are personal and such rights, benefits and obligations shall not be voluntarily or involuntarily assigned, alienated or transferred, whether by operation of law or otherwise, without the prior written consent of the Corporation. This Agreement shall otherwise be binding upon and inure to the benefit of your personal or legal

representatives, executors, administrators, successors, heirs, distributees, devisees, legatees and permitted assigns.

25. Agreement Confidential. Both parties shall keep the terms and conditions of this Agreement confidential except as may be required to enforce any provision of this Agreement or as may otherwise be required by any law, regulation or other regulatory requirement.

26. Governing Law. This Agreement shall be governed by and interpreted in accordance with the laws of the Province of British Columbia and applicable laws of Canada and the parties hereto attorn to the exclusive jurisdiction of the provincial and federal courts of such province.

27. Exercise of Functions. The rights of the Corporation as provided in this Agreement may be exercised on behalf of the Corporation only by the Board (excluding you).

28. Entire Agreement. The terms and conditions of this Agreement are in addition to and not in substitution for the obligations, duties and responsibilities imposed by law on employees of corporations generally (including fiduciary duties), and you agree to comply with such obligations, duties and responsibilities. Except as otherwise provided in this Agreement, this Agreement constitutes the entire agreement between the parties with respect to the subject matter hereof, and may only be varied by further written agreement signed by you and the Corporation. This Agreement supersedes any previous communications, understandings and agreements between you and the Corporation regarding your employment. It is acknowledged and agreed that this Agreement is mutually beneficial and is entered into for fresh and valuable consideration with the intent that it shall constitute a legally binding agreement.

29. Further Assurances. The parties will execute and deliver to each other such further instruments and assurances and do such further acts as may be required to give effect to this Agreement.

30. Surviving Obligations. Your obligations and covenants under Section 18 (Confidentiality and Work Product Ownership), Section 22 (Restrictive Covenant) and Section 23 (Remedies) shall survive the termination of this Agreement.

31. Independent Legal Advice. You hereby acknowledge that you have obtained or have had an opportunity to obtain independent legal advice in connection with this Agreement, and further acknowledge that you have read, understand, and agree to be bound by all of the terms and conditions contained herein.

32. Notice. Any notice or other communication required or contemplated under this Agreement to be given by one party to the other shall be delivered or mailed by prepaid registered post to the party to receive same at the address as set out below:

If to the Corporation:

Aurinia Pharmaceuticals Inc.
1203 – 4464 Markham Street
Victoria, BC V8Z 7X9
Attention: Chief Executive Officer

With a copy to:

Borden Ladner Gervais LLP
1200 Waterfront Centre
200 Burrard Street, PO Box 48600
Vancouver, BC V7X 1T2
Attention: **[redacted]**

If to Neil Solomons:

Neil Solomons
[redacted]

Any notice delivered shall be deemed to have been given and received on the first business day following the date of delivery. Any notice mailed shall be deemed to have been given and received on the fifth business day following the date it was posted, unless between the time of mailing and actual receipt of the notice there shall be a mail strike, slow-down or other labour dispute which might affect delivery of the notice by mail, then the notice shall be effective only if actually delivered.

33. Severability. If any provision of this Agreement or any part thereof shall for any reason be held to be invalid or unenforceable in any respect, then such invalid or unenforceable provision or part shall be severable and severed from this Agreement and the other provisions of this Agreement shall remain in effect and be construed as if such invalid or unenforceable provision or part had never been contained herein.

34. Waiver. Any waiver of any breach or default under this Agreement shall only be effective if in writing signed by the party against whom the waiver is sought to be enforced, and no waiver shall be implied by any other act or conduct or by any indulgence, delay or omission. Any waiver shall only apply to the specific matter waived and only in the specific instance in which it is waived.

35. Counterparts. This Agreement may be executed in any number of counterparts, each of which so executed shall be deemed to be an original, and such counterparts will together constitute but one Agreement.

36. Assignment. The Corporation may assign this Agreement.

If you accept and agree to the foregoing, please confirm your acceptance and agreement by signing the enclosed duplicate copy of this letter where indicated below and by returning it to us. You are urged to consider fully all the above terms and conditions and to obtain independent legal advice or any other advice you feel is necessary before you execute this agreement.

Yours truly,

AURINIA PHARMACEUTICALS INC.

By: */s/ Dennis Bourgeault*
Authorized Signatory

Accepted and agreed to by Neil Solomons as of October 1, 2017.

/s/ Neil Solomons
Neil Solomons

SCHEDULE A

AURINIA PHARMACEUTICALS INC.

October 1, 2017

Neil Solomons
[redacted]

Dear Dr. Solomons:

Re: Change in Control Agreement

Aurinia Pharmaceuticals Inc. (the "Corporation") considers it essential to the best interests of its shareholders to foster the continuous employment of its senior executive officers. In this regard, the Board of Directors of the Corporation (the "Board") has determined that it is in the best interests of the Corporation and its shareholders that appropriate steps should be taken to reinforce and encourage management's continued attention, dedication and availability to the Corporation in the event of a Potential Change in Control (as defined in Section 2), without being distracted by the uncertainties which can arise from any possible changes in control of the Corporation.

In order to induce you to agree to remain in the employ of the Corporation, such agreement evidenced by the employment agreement entered into as of the date of this Agreement between you and the Corporation (the "Employment Agreement") and in consideration of your agreement as set forth in Section 3 below, the Corporation agrees that you shall receive and you agree to accept the severance and other benefits set forth in this Agreement should your employment with the Corporation be terminated subsequent to a Change in Control (as defined in Section 2) in full satisfaction of any and all claims that now exist or then may exist for remuneration, fees, salary, bonuses or severance arising out of or in connection with your employment by the Corporation or the termination of your employment:

1. Term of Agreement.

This Agreement shall be in effect for a term commencing on the Effective Date of the Employment Agreement (as therein defined) and ending on the date of termination of the Employment Agreement.

2. Definitions.

(a) "Affiliate" means a corporation that is an affiliate of the Corporation under the *Securities Act* (British Columbia), as amended from time to time.

(b) "Change in Control" of the Corporation shall be deemed to have occurred if:

(a) any amalgamation or consolidation in which voting securities of the Corporation possessing more than fifty percent (50%) of the total combined voting power of the Corporation's outstanding securities are

transferred to a person or persons different from the persons holding those securities immediately prior to such transaction and the composition of the board of directors of the Corporation following such transaction is such that the directors of the Corporation prior to the transaction constitute less than fifty percent (50%) of the membership of the board of directors of the Corporation following the transaction;

(b) any acquisition, directly or indirectly, by an person or related group of persons (other than the Corporation or a person that directly or indirectly controls, is controlled by, or is under common control with, the Corporation) of beneficial ownership of voting securities of the Corporation possessing more than fifty percent (50%) of the total combined voting power of the Corporation's outstanding securities;

(c) any acquisition, directly or indirectly, by a person or related group of persons of the right to appoint a majority of the directors of the Corporation or otherwise directly or indirectly control the management, affairs and business of the Corporation;

(d) any sale, transfer or other disposition of all or substantially all of the assets of the Corporation; or

(e) a complete liquidation or dissolution of the Corporation,

provided however, that a Change in Control shall not be deemed to have occurred if such Change in Control results solely from the issuance, in connection with a bona fide financing or series of financings by the Corporation or any of its Affiliates, of voting securities of the Corporation or any of its Affiliates or any rights to acquire voting securities of the Corporation or any of its Affiliates which are convertible into voting securities;

(c) "Base Salary" shall mean the annual base salary, as referred to in Section 3 (Base Salary), and as adjusted from time to time in accordance with Section 4 (Annual Review), of the Employment Agreement.

(d) "Bonus" shall mean the bonus referred to in Section 5 (Performance Bonus) of the Employment Agreement.

(e) "Cause" shall have the meaning set out in Section 15 (Termination by the Corporation for Cause) of the Employment Agreement.

(f) "Date of Termination" shall mean, if your employment is terminated, the date specified in the Notice of Termination.

(g) "Good Reason" shall mean the occurrence of one or more of the following events, without your express written consent, within 12 months of Change in Control:

(a) a material change in your status, position, authority or responsibilities that does not represent a promotion from or represents an adverse change from your status, position, authority or responsibilities in effect immediately prior to the Change in Control, save and except for any change(s) in your Management Position, from time to time, as contemplated in your Employment Agreement;

(b) a material reduction by the Corporation, in the aggregate, in your Base Salary, or incentive, retirement, health benefits, bonus or other compensation plans provided to you immediately prior to the Change in Control, unless an equitable arrangement has been made with respect to such benefits in connection with a Change in Control;

(c) a failure by the Corporation to continue in effect any other compensation plan in which you participated immediately prior to the Change in Control (except for reasons of non-insurability), including but not limited to, incentive, retirement and health benefits, unless an equitable arrangement has been made with respect to such benefits in connection with a Change in Control;

(d) any request by the Corporation or any affiliate of the Corporation that you participate in an unlawful act; or

(e) any purported termination of your employment by the Corporation after a Change in Control which is not effected pursuant to a Notice of Termination satisfying the requirements of clause (h) below and for the purposes of this Agreement, no such purported termination shall be effective.

(h) "Notice of Termination" shall mean a notice, in writing, communicated to the other party in accordance with Section 6 below, which shall indicate the specific termination provision in this Agreement relied upon and shall set forth in reasonable detail the facts and circumstances claimed to provide a basis for termination of your employment under the provision so indicated.

(i) "Potential Change in Control" of the Corporation shall be deemed to have occurred if:

(a) the Corporation enters into an agreement, the consummation of which would result in the occurrence of a Change in Control;

(b) any person (including the Corporation) publicly announces an intention to take or to consider taking actions which if consummated would constitute a Change in Control; or

(c) the Board adopts a resolution to the effect that, for the purposes of this Agreement, a Potential Change in Control of the Corporation has occurred.

3. Potential Change in Control.

You agree that, in the event of a Potential Change in Control of the Corporation occurring after the Effective Date, and until 12 months after a Change in Control, subject to your right to terminate your employment by issuing and delivering a Notice of Termination for Good Reason, you will continue to diligently carry out your duties and obligations, on the terms set out in the Employment Agreement.

4. Compensation Upon Termination Following Change in Control.

Subject to compliance by you with Section 3, upon your employment terminating pursuant to a Notice of Termination within 12 months after a Change in Control, the Corporation agrees that you shall receive and you agree to accept, subject to your prior resignation as a director of the Corporation, the following payments in full satisfaction of any and all claims you may have or then may have against the Corporation, for remuneration, fees, salary, benefits, bonuses or severance, arising out of or in connection with your employment by the Corporation or the termination of your employment:

(a) If your employment shall be terminated by the Corporation for Cause or by you other than for Good Reason, the terms of the Employment Agreement shall govern and the Corporation shall have no further obligations to you under this Agreement.

(b) If your employment by the Corporation shall be terminated by you for Good Reason or by the Corporation other than for Cause, then you shall be entitled to the payments and benefits provided below:

(a) subject to the withholding of all applicable statutory deductions, the Corporation shall pay you a lump sum equal to 150% of 12 months' Base Salary, as referred to in Section 3 (Base Salary) and as adjusted from time to time in accordance with Section 4 (Annual Review) of the Employment Agreement, plus other sums owed for arrears of salary, vacation pay and, if awarded and payable, Bonus for that year;

(b) to the extent permitted by law and subject to the terms and conditions of any benefit plans in effect from time to time, the Corporation shall maintain the benefits and payments set out in Section 6 (Benefits) of the Employment Agreement during the 12 month period;

(c) the Corporation shall arrange for you to be provided with such outplacement career counselling services as are reasonable and appropriate, to assist you in seeking new executive level employment; and

(d) all incentive stock options granted to you by the Corporation under any stock option agreement that is entered into between you and the Corporation and is outstanding at the time of termination of your employment, which incentive stock options have not yet vested, shall immediately vest upon the termination of your employment and shall be fully exercisable by you in accordance with the terms of the agreement or agreements under which such options were granted.

You shall not be required to mitigate the amount of any payment provided for in this Section 4 by seeking other employment or otherwise, nor will any sums actually received be deducted.

5. Binding Agreement.

This Agreement shall enure to the benefit of and be enforceable by your personal or legal representatives, executors, administrators, successors, heirs, distributees, devisees and legatees. If you die while any amount would still be payable to you under this Agreement if you had continued to live, that amount shall be paid in accordance with the terms of this Agreement to your devisee, legatee or other designee or, if there is no such designee, to your estate.

6. Notices.

Any notice or other communication required or contemplated under, this Agreement to be given by one party to the other shall be delivered or mailed by prepaid registered post to the party to receive same at the addresses set out below:

If to the Corporation:

Aurinia Pharmaceuticals Inc.
1203 – 4464 Markham Street
Victoria, BC V8Z 7X9
Attention: Chief Executive Officer

With a copy to:

Borden Ladner Gervais LLP
1200 Waterfront Centre
200 Burrard Street, PO Box 48600
Vancouver, BC V7X 1T2
Attention: **[redacted]**

If to Neil Solomons:

Neil Solomons
[redacted]

Any notice delivered shall be deemed to have been given and received on the first business day following the date of delivery. Any notice mailed shall be deemed to have been given and received on the fifth business day following the date it was posted, unless between the time of mailing and actual receipt of the notice there shall be a mail strike, slow-down or other labour dispute which might affect delivery of the notice by mail. In such event, the notice shall be effective only if actually delivered.

7. Modification: Amendments: Entire Agreement.

This Agreement may not be modified, waived or discharged unless such waiver, modification or discharge is agreed to in writing and signed by you and such officer as may be specifically designated by the Board. No waiver by either party at any time of any breach by the other party of, or compliance with, any condition or provision of this Agreement to be performed by such other party will be deemed a waiver of similar or dissimilar provisions or conditions at the same or at any prior or subsequent time. Except as set forth in your Employment Agreement, no agreements or representations, oral or otherwise, express or implied, with respect to the subject matter hereof have been made by either party which are not expressly set forth in this Agreement.

8. Governing Law.

This Agreement shall be governed by and interpreted in accordance with the laws of the Province of British Columbia and applicable laws of Canada and the parties hereto attorn to the exclusive jurisdiction of the provincial and federal courts of such province.

9. Validity.

The invalidity or unenforceability of any provision of this Agreement shall not affect the validity or enforceability of any other provision of this Agreement, which shall remain in full force and effect.

10. No Employment or Service Contract

Nothing in this Agreement shall confer upon you any right to continue in the employment of the Corporation for any period of specific duration or interfere with or otherwise restrict in any way the rights of the Corporation or you, which rights are hereby expressly reserved by each, to terminate your employment at any time for any reason whatsoever, with or without cause.

If the foregoing sets forth our agreement on this matter, kindly sign and return to the Corporation a copy of this letter.

Yours truly,

AURINIA PHARMACEUTICALS INC.

By: */s/ Dennis Bourgeault*
Authorized Signatory

Accepted and agreed to by Neil Solomons as of October 1, 2017.

/s/ Neil Solomons
Neil Solomons

SCHEDULE B

Confidentiality and Work Product Ownership Agreement

Aurinia Pharmaceuticals Inc.

In consideration of the undersigned Worker's employment by Aurinia Pharmaceuticals Inc. ("**Corporation**") and other good and valuable consideration (the receipt and sufficiency of which is acknowledged by Worker), Worker hereby irrevocably and unconditionally covenants and agrees with Corporation as of October 1, 2017 (the "**Effective Date**") as follows:

1. Confidentiality

(a) **Confidential Information:** In this Agreement, "**Confidential Information**" means, subject to section 1(b), all information, in any form and on any medium, regardless of the method or form of disclosure or whether the disclosure was made before or after the Effective Date, about the business and affairs of Corporation or any of Corporation's past, present or future corporate affiliates or related entities (each an "**Affiliate**"), or owned, used or licensed by or on behalf of Corporation or any Affiliate (including information provided to Corporation or an Affiliate by any other person under obligations of confidentiality), including information regarding Work Product and related IP Rights (both as defined in section 2(a)) or any of the businesses, business plans, marketing plans, research and development, strategies, products, services, technologies, inventions, assets, finances, pricing, customers, suppliers, resellers or business partners of Corporation or an Affiliate. Without limiting the generality of the foregoing in this section 1(a), Confidential Information includes, subject to section 1(b), each of the following:

(i) all information (including data) developed, acquired or used by or on behalf of Corporation or an Affiliate, or licensed from a third party by or on behalf of Corporation or an Affiliate, in connection with or relating to research, development, testing/trials, regulatory approvals and commercialization of drugs and treatments for diseases and medical conditions, including ingredients (whether medicinal or non-medicinal) and their proportions, formulations, effects, technical information and protocols, methodologies, dosage form and strength, biological materials and their progeny and derivatives;

(ii) all biological, chemical, pharmacological, toxicological, pharmaceutical, physical and analytical, clinical, safety, manufacturing and quality control data and information, and all applications, registrations licenses, authorizations, approvals and correspondence with regulatory authorities;

(iii) all information relating to the businesses, business plans, marketing plans, research and development, strategies, products, services, technologies, inventions, assets, finances, pricing, customers, suppliers, resellers or business partners of the competitors of Corporation or any Affiliate;

(iv) information disclosed by or on behalf of Corporation or an Affiliate to their legal advisors; and

(v) subject to section 1(g), information relating to your compensation and benefits, including your salary, vacation, stock options, perquisites, severance notice, and rights on termination.

(b) **Exceptions:** Information will not be considered to be Confidential Information if and to the extent, but only to the extent, that the information is, or subsequently becomes, lawfully available to the general public for unrestricted use other than through the wrongful act or omission of Worker or any other person. For greater certainty, information will not be considered to be available to the general public if the information is disclosed pursuant to a non-disclosure agreement or other confidentiality obligation or if the information is made public in breach of a non-disclosure agreement or other confidentiality obligation.

(c) **Ownership:** All Confidential Information is the exclusive property of Corporation and Affiliates and their respective licensors. Worker does not have, and will not acquire, any right, title or interest whatsoever in, to or associated with any Confidential Information.

(d) **Confidentiality Obligation:** Worker acknowledges that by reason of Worker's employment by Corporation, and in the course of carrying out and performing Worker's duties and obligations to Corporation, Worker will have access to Confidential Information. Worker will maintain the strict confidentiality of Confidential Information, including by using all necessary precautions to prevent unauthorized access to or disclosure of Confidential Information, both during and indefinitely after the term of Worker's employment by Corporation. Worker will not authorize, assist or encourage any other person (including any other employee of Corporation) to access, use or disclose any Confidential Information in any manner or for a purpose that would be a breach of this Agreement if it were done by Worker.

(e) **Permitted Use/Disclosure:** Worker will use Confidential Information only during the term of Worker's employment by Corporation and only as required to perform Worker's duties and obligations to Corporation. Worker will not use Confidential Information for Worker's personal benefit or for the benefit of any other person. Worker will not remove Confidential Information from Corporation's facilities, or record, copy, reproduce, store or disclose Confidential Information, except as required to perform Worker's duties and obligations to Corporation and in accordance with Corporation's written policies and procedures established and revised by Corporation from time to time.

(f) **Legal Disclosure:** Nothing in this Agreement prohibits disclosure by Worker of Confidential Information that is required to be disclosed under applicable law, provided that before making the disclosure Worker gives reasonable prior written notice to Corporation of the potential disclosure (unless prior notice is prohibited by law) and reasonably assists Corporation to obtain a protective order preventing or other means of limiting the potential disclosure or use of Confidential Information.

(g) **Disclosure to Advisors:** You may disclose information relating to your compensation and benefits to your legal, accounting, financial and tax advisors, provided that they are subject to professional obligations of confidentiality, and only to the extent that the disclosure is required for a bona fide legal, accounting, financial or tax purpose (as applicable).

(h) **Unsecured Communications:** Without limiting the generality of any other provision of this Agreement, Worker will not communicate Confidential Information in a public place or using unsecure methods of communication (e.g. unencrypted messages sent using the Internet or mobile telephones) that are capable of being intercepted or overheard.

(i) **Return of Confidential Information:** Immediately upon termination of Worker's employment by Corporation or upon request by Corporation at any earlier time, Worker will promptly return to Corporation all paper and electronic documents and records and other items and materials that contain or embody Confidential Information, and if and to the extent that electronic records of Confidential Information are contained in Worker's own computers (including mobile devices) or storage devices then Worker will deliver copies of those electronic records to Corporation and will then permanently delete and destroy all of those electronic records contained in Worker's own computers (including mobile devices) and storage devices.

(j) **Protection of Computer Systems:** Worker will take all necessary precautions to prevent unauthorized access to or use of Corporation's computer systems and software and related passwords and access codes to which Worker has access during the term of Worker's employment by Corporation, including by complying with all of Corporation's applicable policies and rules regarding access to and use of those computer systems and software in effect and amended from time to time.

(k) **Third Party Information:** If Worker obtains information that is confidential or proprietary to any other person as a result of Worker's employment by Corporation, then Worker will not use or disclose the information to any person (including other persons employed or engaged by Corporation) except and to the extent required to perform Worker's duties and obligations to Corporation and in accordance with Corporation's written policies and procedures established and revised by Corporation from time to time.

(l) **No Publicity:** For greater certainty, and without limiting the generality of any other provision of this Agreement, Worker will not, without Corporation's express prior written approval, make or give any public announcement, press release or other statement to the public or the media regarding Confidential Information, Work Product or any related IP Rights.

(m) **Duration of Obligations:** For greater certainty, Worker's obligations regarding Confidential Information set forth in this Agreement will apply to each item of Confidential Information unless and until that item no longer qualifies as Confidential Information by virtue of the application of an exception set forth in section 1(b).

(n) **Affiliates:** For greater certainty, and without limiting the generality of any other provision of this Agreement, Corporation's current Affiliates include Aurinia Pharmaceuticals, Inc., Aurinia Pharma Corp., and Aurinia Pharma Limited.

2. Work Product

(a) **Definitions:** In this Agreement:

(i) "**IP Rights**" means intellectual property rights, including: (1) trademarks, trade names, service marks, slogans, domain names, URLs or logos; (2) copyrights, moral rights, rights of authorship and attribution, neighbouring rights, and other rights in works of authorship; (3) database rights; (4) industrial designs, integrated circuit topographies, and mask works; (5) patents and patent applications; and (6) rights protected by trade secrets and confidentiality obligations; whether or not any of those rights is registered or registrable, and all applications and registrations (including renewals, extensions, continuations, divisions, reissues and restorations) relating to any of those rights, now or hereafter in force and effect throughout all or any part of the world;

(ii) "**Technologies and Works**" means biological materials, chemical entities, discoveries, derivations, developments, designs, enhancements, ideas and concepts, improvements, innovations, inventions, blueprints, contributions, findings, useful arts, processes, computer software, computer code of all types, layouts, interfaces, applications, tools, hardware, equipment, routines, data and databases, machines, manufactures, manufacturing techniques, compositions of matter, designs, prototypes, samples, devices, know-how, show-how, shop rights, test results, notices of experiments, photographs, x-ray films, formulae, integrated circuit topographies and integrated circuit topography products, semiconductor designs, mask works, methods and methodologies, (including business methods), systems, processes, plans (including business plans), studies (including clinical studies and trials), analyses, memoranda, reports, notes, drawings, specifications, and other technologies, works of authorship (including literary and artistic works), and creations, in any form and recorded on any media, whether or not registered or registrable, patentable or non-patentable, confidential or non-confidential, or protected or protectable by IP Rights, and any associated documentation and information therein or relating thereto, and any improvements, enhancements, or modifications thereto; and

(iii) "**Work Product**" means Technologies and Works created, conceived, developed, made, prepared, reduced to practice or learned by Worker, either alone or jointly with other persons, and whether during non-business hours or using facilities and equipment provided by or on behalf of Corporation or an Affiliate, that arise from or relate to: (1) Worker's employment by Corporation; or (2) Worker's use of any Technologies and Works, premises, property or information (including Confidential Information) owned, licensed, leased or contracted for by or on behalf of Corporation or an Affiliate or provided or made available to Worker by or on behalf of Corporation or an Affiliate.

(b) **Disclosure/Delivery:** Worker will disclose to Corporation each item of Work Product promptly after the item of Work Product is created, conceived, developed, made, prepared, reduced to practice or learned by Worker. Immediately upon termination of Worker's employment by Corporation or upon request by Corporation at any earlier time, Worker will promptly deliver to Corporation each item of Work Product and all related documents and records.

(c) **Ownership:** Corporation will solely own each item of Work Product and all related IP Rights. Worker hereby irrevocably and unconditionally: (i) transfers and assigns, and agrees to transfer and assign, to Corporation all right, title and interest throughout the world in, to and associated with each item of Work Product and all related IP Rights, free and clear of any and all liens, encumbrances, charges and interests whatsoever of any other person, without any limitation of time and without any restriction whatsoever; (ii) waives, and agrees to waive, in favour of Corporation and each of Corporation's successors, assigns and licensees (including Affiliates) any and all non-transferable rights (including moral rights and rights of authorship and attribution) that Worker has throughout the world in, to or associated with any item of Work Product or any related IP Rights; and (iii) acknowledges and agrees that Corporation and each of Corporation's successors, assigns and licensees (including Affiliates) may use and exploit each item of Work Product and all related IP Rights for any and all commercial or non-commercial purposes whatsoever and by means of any and all media and technologies now in existence or developed in the future as they see fit in their discretion, all without any remuneration or compensation to Worker or any other person; and that Worker will not have or retain any right to use or exploit, or authorize other person to use or exploit, any item of Work Product or any related IP Rights in any manner or for any purpose whatsoever.

(d) **Alternative License:** If and to the extent that the transfer, assignment, and waiver set forth in section 2(c)1(c) regarding an item of Work Product or any related IP Rights are not effective for any reason, Worker: (i) will hold all right, title and interest in, to and associated with the item of Work Product and all related IP Rights that are not transferred and assigned for the sole benefit of Corporation; and (ii) hereby irrevocably and unconditionally grants, and agrees to grant, to Corporation and each of Corporation's successors, assigns and licensees (including Affiliates) a non-exclusive, irrevocable, perpetual, world-wide, fully transferable, fully sub-licensable, royalty-free, fully paid-up right and license to use and exploit, and allow other persons to use and exploit, the item of Work Product and all related IP Rights for any and all commercial or non-commercial purposes whatsoever and by means of any and all media and technologies now in existence or developed in the future as they see fit in their discretion, all without any remuneration or compensation to Worker or any other person.

(e) **Assistance:**

(i) **General:** Upon request by Corporation, during or after the term of Worker's employment by Corporation, Worker will assist Corporation to: (A) obtain, perfect, register, protect and enforce Corporation's rights in, to and associated with Work Product and related IP Rights in all countries (including by executing documents (including patent applications), assignments, transfers and waivers to and in favour of Corporation or persons designated by Corporation); and (B) defend against any claims or allegations against Corporation relating to Work Product or any related IP Rights.

(ii) **Patent Applications/Assignments:** Without limiting the generality of section 1(e)(i), upon request by Corporation, during or after the term of Worker's employment by Corporation, Worker will assist Corporation to apply for patents regarding Work Product, including by providing to Corporation details and specifications regarding the Work Product and prior art required for patent applications, executing all documents relating to patent applications, and executing all assignments required to perfect Corporation's ownership of patent applications and all resulting patents).

(iii) **Appointment of Agent:** If Worker fails or is unable for any reason whatsoever to comply with Worker's obligations under this section 1(e), then Worker hereby irrevocably designates and appoints Corporation (or Corporation's successors and assigns) and their respective duly authorized officers and agents as Worker's agents and attorneys in fact to act for and on behalf of Worker and in Worker's stead to execute and deliver any document and to do all other lawful acts to fulfil Worker's obligations under this section 1(e) with the same legal force and effect as if executed or done by Worker.

(f) **Confirmation:** Upon request by Corporation, both during and after the term of Worker's employment by Corporation, Worker will confirm Corporation's ownership of, and rights to use, Work Product and related IP Rights by signing a confirmatory agreement in the form prescribed by Corporation.

(g) **Security:** Worker will not remove Work Product from Corporation's facilities except as required to perform Worker's duties and obligations to Corporation and in accordance with Corporation's written policies and procedures established and revised by Corporation from time to time. Without limiting the generality of the foregoing, Worker will not transfer any biological material to a person who is not employed or engaged by Corporation except pursuant to an applicable written material transfer agreement signed by the person and Corporation.

(h) **Goodwill:** Corporation and Affiliates will solely own all goodwill associated with Work Product or the business and affairs of Corporation or any Affiliate, including any goodwill that Worker may establish or enhance as a result of Worker's dealings with clients, customers, suppliers, principals, shareholders, investors, collaborators, strategic partners, licensors, licensees, contacts or prospects Corporation or an Affiliate.

(i) **No Infringement:** In the course of carrying out and performing Worker's duties and obligations to Corporation (including the creation of Work Product), Worker will not: (i) breach any agreement or other duty or obligation to maintain the confidentiality of the information of any other person, including any former employer or other person for whom Worker has performed services; or (ii) infringe or misappropriate the IP Rights of any other person. Without limiting the generality of the foregoing, Worker will not accept any biological material from any person who is not employed or engaged by Corporation except in accordance with Corporation's written policies and procedures established and revised by Corporation from time to time.

3. General

(a) **Enforcement:** If Worker breaches or threatens to breach this Agreement and fails or refuses to promptly remedy the breach and agree in writing to comply with this Agreement, then Corporation will, in addition to all other remedies available at law, be entitled as a matter of right to judicial relief by way of a restraining order, interim, interlocutory or permanent injunction, or order for specific performance against the breach or threatened breach; and Worker will not oppose the granting of the judicial relief and hereby waives all defences to the judicial relief and the strict enforcement of this Agreement.

(b) **No Conflict:** Worker represents and warrants to Corporation that Worker's entering into this Agreement and performance of Worker's obligations under this Agreement will not conflict with, or result in the breach of, any express or implied obligation or duty (contractual or otherwise) now or in the future owed by Worker to any other person (including any former employer or other person for whom Worker has performed services).

(c) **Governing Law/Courts:** This Agreement and all related matters will be governed by, and construed in accordance with, the laws of British Columbia, Canada and the federal laws of Canada applicable in British Columbia. Worker hereby irrevocably submits and attorns to the exclusive jurisdiction of the Supreme Court of British Columbia sitting in the City of Vancouver regarding any and all disputes arising from, connected with or relating to this Agreement or any related matter.

(d) **Legal Advice:** Worker acknowledges that Corporation recommended that Worker obtain independent legal advice before executing this Agreement, and that Worker has had the opportunity to do so.

(e) **Miscellaneous:** This Agreement will survive indefinitely after the termination of Worker's employment by Corporation, irrespective of the time, manner or cause of the termination of employment. No consent or waiver by Corporation to or of a breach of this Agreement by Worker will be effective unless in writing and signed by Corporation, or deemed or construed to be a consent to or waiver of a continuing breach or any other breach of this Agreement by Worker. Corporation's rights and remedies under this Agreement are cumulative and not exhaustive or exclusive of any other rights or remedies to which Corporation may be lawfully entitled under this Agreement or applicable law, and Corporation will be entitled to pursue any and all of Corporation's rights and remedies concurrently, consecutively and alternatively. If any provision of this Agreement is held by a court of competent jurisdiction to be invalid or unenforceable for any reason, then the provision will be deemed severed from this Agreement and the remaining provisions of this Agreement will continue in full force and effect without being impaired or invalidated in any way, unless as a result of the severance this Agreement would fail in its essential

purpose. This Agreement is binding upon Worker and Worker's heirs, executors, administrators, successors and personal representatives. This Agreement will enure to the benefit of Corporation and each of Corporation's successors, assigns and licensees. Worker will not assign this Agreement. Corporation may assign this Agreement to any person. Time is of the essence of this Agreement. In this Agreement: (i) a reference to "**this Agreement**" and other similar terms refers to this Agreement as a whole, and not just to the particular provision in which those words appear; (ii) headings are for reference only and do not define, limit or enlarge the scope or meaning of this Agreement or any of its provisions; (iii) words importing the singular number only include the plural, and vice versa; (iv) "**person**" includes an individual, corporation, partnership, joint venture, association, trust, unincorporated organization, society and any other legal entity; (v) "**including**" or "**includes**" means including or includes, as applicable, without limitation or restriction; (vi) "**discretion**" means a person's sole, absolute and unfettered discretion; (vii) "**law**" includes common law, equity, statutes, regulations, ordinances, and orders in council. This Agreement constitutes the entire agreement between Worker and Corporation regarding the subject matter of this Agreement and supersedes all previous communications, representations, negotiations, discussions, agreements or understandings, whether oral or written, between them regarding the subject matter of this Agreement. This Agreement may be modified only by a document that expressly states that the document is an amendment to this Agreement and is signed by both Worker and Corporation. For greater certainty, this Agreement is in addition to other agreements between Worker and Corporation regarding Worker's employment by Corporation and related matters.

Acknowledged and agreed by Worker.

Worker's Signature: */s/ Neil Solomons* Date: October 1, 2017

Worker's Legal Name: Neil Solomons

Worker's Address: **[redacted]**

Phone/Email: **[redacted]**

EXHIBIT A

EXCLUSION FROM WORK PRODUCT

None.

SCHEDULE C

DESCRIPTION OF BUSINESS

"**Aurinia's Business**" shall mean the businesses actually carried on by the Corporation, directly or indirectly, whether under an agreement with or in collaboration with, any other party including but not exclusively, related to the development and commercialization of pharmaceutical products for the treatment of Lupus and related diseases.

SCHEDULE D

Nil.

Exhibit 10.19

October 26, 2020

Erik Eglite Via E-mail

Re: Revised Transition and Separation Agreement

Dear Erik:

This letter sets forth the terms of the transition and separation agreement (the ***"Agreement")*** that Aurinia Pharma U.S., Inc. (the ***"Company"),*** a Delaware corporation and a wholly owned subsidiary of Aurinia Pharmaceuticals Inc., a corporation under the laws of the Province of Alberta ***("Parent")*** is offering to you to aid in your employment transition.

1. SEPARATION DATE. If you timely sign and return this Agreement to the Company, your employment with the Company will continue through November 1, 2020, which will become your employment termination date (the ***"Separation Date"),*** unless your employment terminates sooner pursuant to Paragraph 2(c) below. If termination occurs earlier or later than November 1, 2020, the actual date of termination shall become the ***"Separation Date"*** for purposes of this Agreement. If you do not accept this offer by signing this Agreement, then your employment will terminate on the date that is twenty-one (21) days after the date of this letter Agreement.

2. TRANSITION PERIOD.

a. Duties. Between now and the Separation Date (the ***"Transition Period'),*** you will be placed on garden leave and will not be required to perform your regular duties. You will instead be required to remain available to provide transition briefing or advice on matters for which you are knowledgeable as and when requested by the Company. During the Transition Period, you agree to transition your regular job duties and responsibilities and perform the transition duties and other tasks as requested by the Company. You agree to perform your Transition Period services in good faith and to the best of your abilities. You must continue to comply with all of the Company's policies and procedures and with all of your statutory and contractual obligations to the Company, including, without limitation, your obligations under your Confidentiality Agreement and Assignment of Inventions (a copy of which is attached hereto as ***Exhibit A),*** which you acknowledge and agree are contractual commitments that remain binding upon you, both during and after the Transition Period.

b . Compensation/Benefits. During the Transition Period, your base salary will remain the same, and you will continue to be eligible for the Company's standard benefits, subject to the terms and conditions applicable to such plans and programs. Your Company equity awards, as applicable, will continue to vest under the existing terms and conditions set forth in the governing plan documents and grant agreement(s).

c. Termination. Nothing in this Agreement alters your employment at will status. Accordingly, during the Transition Period you are entitled to resign your employment for any reason with or without advance notice, and the Company may terminate your employment with or without Cause (as defined below) or advance notice. If prior to November 1, 2020, the Company terminates your employment without Cause or you resign your employment for any reason, you will remain eligible for the Severance Benefits (as

defined and described below), *provided that* you have satisfied the conditions for receipt of the Severance Benefits (as set forth below). If prior to November 1, 2020, the Company terminates your employment with Cause, then you will no longer be eligible for participation in any Company benefit plans, and you will not be entitled to the Severance Benefits. For the avoidance of doubt, if your employment terminates on November 1, 2020, pursuant to Paragraph 1 above, it will be a termination without Cause.

d. Definition of Cause. For purposes of this Agreement, ***"Cause"*** for termination will mean any one or more of the following: (a) the commission of theft, embezzlement, fraud, obtaining funds of property under false pretenses or similar acts of misconduct with respect to the property of the Company or its employees or the Company's customers or suppliers; (b) your entering of a guilty plea or conviction for any crime involving fraud, misrepresentation or breach of trust, or for any serious criminal offence that impacts adversely on the Company; (c) willful misconduct or gross negligence in performance of your duties hereunder, including your refusal to comply in any material respect with the legal directives of the Board of Directors of Parent (the ***"Board')*** so long as such directives are not inconsistent with your position and duties or inconsistent with any other legal obligation or requirement, and such refusal to comply is not remedied within ten (10) working days after written notice from the Board, which written notice shall state that failure to remedy such conduct may result in termination for Cause; or (d) your material breach of any element of the employment agreement entered into between you and the Company dated July 3, 2017 (the ***"Employment Agreement'),*** which breach (if determined in good faith by the Company or the Board to be curable) is not remedied within ten (10) working days after written notice from the Company or the Board, which written notice shall state that failure to remedy such conduct may result in termination for Cause.

3. ACCRUED SALARY. On the Separation Date, the Company will pay you all accrued salary, and accrued but unused vacation, earned through the Separation Date, subject to standard payroll deductions and withholdings. You are entitled to these payments regardless of whether you sign this Agreement.

4. SEVERANCE BENEFITS. In full satisfaction of any obligation for the Company to provide you with severance benefits as stated in Section 14 of the Employment Agreement, if you (i) timely return this fully signed Agreement to the Company and allow the releases contained herein to become effective; (ii) comply fully with your obligations hereunder (including without limitation satisfactorily transitioning your duties during the Transition Period); and (iii) on or within twenty-one (21) days after the Separation Date, execute and return to the Company the a release of claims in the form attached hereto as Exhibit B (the "Separation Date Release") and allow the Separation Date Release to become effective, then the Company will provide you with the following as your sole severance benefits (the "Severance Benefits"):

a. Severance Pay. The Company will pay you, as severance, the equivalent of nine (9) months of your base salary in effect as of the Separation Date (the ***"Severance Payment").*** The Severance Payment will be paid in the form of salary continuation, subject to standard payroll deductions and withholdings, beginning on the Company's second regularly scheduled payroll pay date following the Release Effective Date (as defined in the Separation Date Release).

b. Additional Severance Pay. As an additional benefit, the Company will pay you an additional five (5) weeks of your base salary in effect as of the Separation Date (the ***"Additional Severance Payment").*** The Additional Severance Payment will be paid in the form of salary continuation, subject to standard payroll deductions and withholdings, and will

begin immediately following the completion of the salary continuation payments described in Section 4(a) above and continue on the Company's regularly scheduled payroll dates.

c. Health Insurance.

(i) **COBRA.** To the extent provided by the federal COBRA law or, if applicable, state insurance laws (collectively, ***"COBRA"),*** and by the Company's current group health insurance policies, you will be eligible to continue your group health insurance benefits at your own expense. You will be provided with a separate notice describing your rights and obligations under COBRA laws on or after the Separation Date.

(ii) **COBRA Premiums.** As an additional Severance Benefit, and ***provided that*** you timely elect continued coverage under COBRA, the Company will reimburse your COBRA premiums to continue your group medical, dental and vision insurance coverage (including coverage for eligible dependents, if applicable) (" ***COBRA Premiums")*** through the period starting on the Separation Date and ending on the earliest of (i) September 30, 2021; (ii) the date you become eligible for group health insurance coverage through a new employer; or (iii) the date you cease to be eligible for COBRA continuation coverage for any reason, including plan termination(the ***"COBRA Premium Period").*** In the event you become covered under another employer's group health plan or otherwise cease to be eligible for COBRA during the COBRA Premium Period, you must immediately notify the Company of such event.

(iii) **Special Cash Payment.** Notwithstanding the foregoing, if the Company determines, in its sole discretion, that it cannot pay the COBRA Premiums without a substantial risk of violating applicable law(including, without limitation, Section 2716 of the Public Health Service Act), the Company instead shall pay you, on the first day of each calendar month, a fully taxable cash payment equal to the applicable COBRA

Premiums for that month (including premiums for any dependents), subject to applicable tax withholdings (such amount, the ***"Special Cash Payment"),*** for the remainder of the COBRA Premium Period. You may, but are not obligated to, use such Special Cash Payment toward the cost of COBRA Premiums.

d. 2020 Annual Bonus. With respect to your 2020 bonus, the Company will provide you with a 2020 annual bonus in an amount equal to 40% of your 2020 salary, pro-rated for the number of days employed with the Company during the 2020 calendar year through the Separation Date. The bonus paid under this section will be paid in a lump sum, subject to standard payroll deductions and withholdings, no later than the earlier of:
(i) March 15, 2021; or (ii) the date that performance bonuses are otherwise paid to Parent's executive officers for objectives met in calendar year 2020.

e. Outplacement Services. The Company will arrange for you to be provided with outplacement career counseling services, in an amount up to $10,000.00. Details of the outplacement services will be provided to you under separate cover.

5. STOCK OPTIONS. You were granted options to purchase shares of Parent's common stock, pursuant to Parent's Incentive Stock Option Plan (the **"Plan")** and pursuant to the Option Commitments dated July 5, 2017, February 1, 2018, January 29, 2019, and January 28, 2020 (collectively referred to as the **"Options").** Pursuant to Section 3.7 of the Plan you shall be 100% vested in all of your Options effective as of your Separation Date. Pursuant to Section 3.5 of the Plan, you have 90 days following your Separation Date to exercise your Options (the "Exercise Window"). The Company shall permit you to continue to utilize Canaccord Genuity Wealth Management to facilitate the exercise of your Options prior to your Separation Date and

at all times during the Exercise Window and will assist you in preparing or filing any forms as necessary to effectuate the exercise of your Options.

6. PROPRIETARY INFORMATION OBLIGATIONS. Both during and after your employment you acknowledge your continuing obligations under your Confidentiality Agreement and Assignment of Inventions, including your obligations not to use or disclose any confidential or proprietary information of the Company. A copy of your Confidentiality Agreement and Assignment of Inventions is attached hereto as **Exhibit A.**

7. No OTHER COMPENSATION OR BENEFITS. You acknowledge that, except as expressly provided in this Agreement, you have not earned, and will not receive from the Company, any additional compensation, severance, or benefits on or after the Separation Date, with the exception of any vested right you may have under the express terms of a written ERISA-qualified benefit plan (e.g., 401(k) account). By way of example, you acknowledge that you have not earned and are not owed any equity, bonus, incentive compensation, severance benefits, or commissions except as expressly provided in this Agreement.

8. EXPENSE REIMBURSEMENTS. You agree that, within fifteen (15) days after the Separation Date, you will submit your final documented expense reimbursement statement reflecting all business expenses you incurred through the Separation Date, if any, for which you seek reimbursement. The Company will reimburse you for reasonable business expenses pursuant to its regular business practice.

9. RETURN OF COMPANY PROPERTY. By no later than the close of business on the Separation Date, you agree to return to the Company all Company documents (and all copies thereof) and other Company property which you have in your possession or control, including, but not limited to, Company files, notes, drawings, records, plans, forecasts, reports, studies, analyses, proposals, agreements, financial information, research and development information, sales and marketing information, customer lists, prospect information, pipeline reports, sales reports, operational and personnel information, specifications, code, software, databases, computer-recorded information, tangible property and equipment (including, but not limited to, computers, printers, mobile telephones, servers), credit cards, entry cards, identification badges and keys; and any materials of any kind which contain or embody any proprietary or confidential information of the Company (and all reproductions thereof in whole or in part). You agree that you will make a diligent search to locate any such documents, property and information by the Separation Date. If you have used any personally owned computer, server, or e-mail system to receive, store, review, prepare or transmit any Company confidential or proprietary data, materials or information, within five (5) business days after the Separation Date, you shall provide the Company with a computer-useable copy of such information and then permanently delete and expunge such Company confidential or proprietary information from those systems; and you agree to provide the Company access to your system as requested to verify that the necessary copying and/or deletion is done. **Your timely compliance with this paragraph is a condition precedent to your receipt of the Severance Benefits.**

10. CONFIDENTIALITY. The provisions of this Agreement will be held in strictest confidence by you and will not be publicized or disclosed in any manner whatsoever; provided, however, that: (a) you may disclose this Agreement to your immediate family; (b) you may disclose this Agreement in confidence to your attorneys, accountants, auditors, tax preparers, and financial advisors; (c) you may disclose this Agreement, and any other documents or information (without notice to the Company) when communicating with the Equal Employment Opportunity Commission, the Department of Labor, the National Labor Relations Board, the Occupational Safety and Health Administration, the Securities and Exchange Commission or any other federal, state or local governmental agency or commission ("Government Agencies") or during the course

of an investigation or proceeding that may be conducted by any Government Agency; and (d) you may disclose this Agreement insofar as such disclosure may be necessary to enforce its terms or as otherwise required by law. In particular, and without limitation, you agree not to disclose the terms of this Agreement to any current or former Company employee. Further, nothing in this provision or this Agreement shall prohibit, prevent, limit or otherwise restrict your right to:

(i) voluntarily communicate with any Government Agency; (ii) report or make truthful statements or disclosures to federal, state or local government officials regarding any allegations of unlawful conduct, including but not limited to alleged criminal conduct, unlawful employment practices as defined under Illinois state law or any form of unlawful discrimination, harassment or retaliation that is actionable under Article 2 of the Illinois Human Rights Act, Title VII of the Civil Rights Act of 1965, or any other related local, state or federal rule or law that is enforced by the Illinois Department of Human Rights or the Equal Employment Opportunity Commission; or (iii) discuss the terms and conditions of your employment with others to the extent expressly permitted by Section 7 of the National Labor Relations Act. Furthermore, nothing in this Agreement shall prohibit, prevent, limit or otherwise restrict your right to make statements or disclosures regarding allegations of unlawful employment practices as defined under Illinois state law or any form of unlawful discrimination, harassment or retaliation that is actionable under Article 2 of the Illinois Human Rights Act, Title VII of the Civil Rights Act of 1965, or any other related local, state or federal rule or law that is enforced by the Illinois Department of Human Rights or the Equal Employment Opportunity Commission..

11. NONDISPARAGEMENT. You agree not to disparage the Company and its officers, directors, employees, shareholders and agents, in any manner likely to be harmful to them or their business, business reputations or personal reputations; provided that you may respond accurately and fully to any question, inquiry or request for information when required by legal process (e.g., a valid subpoena or other similar compulsion of law) or as part of a government investigation. In addition, nothing in this provision or this Agreement shall prohibit, prevent, limit or otherwise restrict your right to: (i) voluntarily communicate with any Government Agency; (ii) report or make truthful statements or disclosures to federal, state or local government officials regarding any allegations of unlawful conduct, including but not limited to alleged criminal conduct, unlawful employment practices as defined under Illinois state law or any form of unlawful discrimination, harassment or retaliation that is actionable under Article 2 of the Illinois Human Rights Act, Title VII of the Civil Rights Act of 1965, or any other related local, state or federal rule or law that is enforced by the Illinois Department of Human Rights or the Equal Employment Opportunity Commission; or (iii)discuss the terms and conditions of your employment with others to the extent expressly permitted by Section 7 of the National Labor Relations Act. Furthermore, nothing in this Agreement shall prohibit, prevent, limit or otherwise restrict your right to make statements or disclosures regarding allegations of unlawful employment practices as defined under Illinois state law or any form of unlawful discrimination, harassment or retaliation that is actionable under Article 2 of the Illinois Human Rights Act, Title VII of the Civil Rights Act of 1965, or any other related local. state or federal rule or law that is enforced by the Illinois Department of Human Rights or the Equal Employment Opportunity Commission.

12. No VOLUNTARY ADVERSE ACTION; AND COOPERATION. You agree that you will not voluntarily provide assistance, information or advice, directly or indirectly (including through agents or attorneys), to any person or entity in connection with any proposed or pending litigation, arbitration, administrative claim, cause of action, or other formal proceeding of any kind brought against the Company, its parent or subsidiary entities , affiliates, officers, directors, employees or agents, nor shall you induce or encourage any person or entity to bring any such claims; provided that you may respond accurately and fully to any question, inquiry or request for information when required by legal process (e.g., a valid subpoena or other similar

compulsion of law) or as part of a government investigation. In addition, you agree to voluntarily cooperate with the Company if you have knowledge of facts relevant to any existing or future litigation or arbitration initiated by or filed against the Company by making yourself reasonably available without further compensation for interviews with the Company or its legal counsel, for preparing for and providing deposition testimony, and for preparing for and providing trial testimony.

13. No ADMISSIONS. You understand and agree that the promises and payments in consideration of this Agreement shall not be construed to be an admission of any liability or obligation by the Company to you or to any other person, and that the Company makes no such admission.

14. RELEASE OF CLAIMS.

(a) **General Release.** In exchange for the consideration provided to you under this Agreement to which you would not otherwise be entitled, you hereby generally and completely release the Company, and its affiliated, related, parent and subsidiary entities, and its and their current and former directors, officers, employees, shareholders, partners, agents, attorneys, predecessors, successors, insurers, affiliates, and assigns (collectively, the ***"Released Parties")*** from any and all claims, liabilities and obligations, both known and unknown, that arise out of or are in any way related to events, acts, conduct, or omissions occurring prior to or on the date you sign this Agreement (collectively, the ***"Released Claims").***

(b) Scope of Release. The Released Claims include, but are not limited to: (i) all claims arising out of or in any way related to your employment with the Company, or the termination of that employment; (ii) all claims related to your compensation or benefits from the Company, including salary, bonuses, commissions, vacation, paid time off, expense reimbursements, severance pay, fringe benefits, stock, stock options, or any other ownership, equity, or profits interests in the Company; (iii) all claims for breach of contract, wrongful termination, and breach of the implied covenant of good faith and fair dealing; (iv) all tort claims, including claims for fraud, defamation, emotional distress, and discharge in violation of public policy; and (v) all federal, state, and local statutory claims, including claims for discrimination, harassment, retaliation, attorneys' fees, or other claims arising under the federal Civil Rights Act of 1964 (as amended), the federal Americans with Disabilities Act of 1990, the federal Age Discrimination in Employment Act of 1967 (as amended) (the ***"ADEA"),*** the Illinois Human Rights Act, the Illinois Right to Privacy in the Workplace Act, the Illinois Employment Contract Act, the Illinois Whistleblower Act, and the Illinois Equal Pay Act.

(c) **ADEA Waiver.** You acknowledge that you are knowingly and voluntarily waiving and releasing any rights you may have under the ADEA, and that the consideration given for the waiver and release in this Section is in addition to anything of value to which you are already entitled. You further acknowledge that you have been advised, as required by the ADEA, that: (i) your waiver and release do not apply to any rights or claims that may arise after the date that you sign this Agreement; (ii) you should consult with an attorney prior to signing this Agreement (although you may choose voluntarily not to do so); (iii) you have twenty-one (21) days to consider this Agreement (although you may choose voluntarily to sign it earlier); (iv) you have seven (7) days following the date you sign this Agreement to revoke it (by providing written notice of your revocation to me); and (v) this Agreement will not be effective until the date upon which the revocation period has expired, which will be the eighth day after

the date that this Agreement is signed by you provided that you do not revoke it (the ***"Effective Date").***

(d) Release of Unknown Claims. YOU UNDERSTAND THAT THIS AGREEMENT INCLUDES A RELEASE OF ALL KNOWN AND UNKNOWN CLAIMS, EVEN THOSE UNKNOWN CLAIMS THAT, IF KNOWN BY YOU, WOULD AFFECT YOUR DECISION TO ACCEPT THIS AGREEMENT. In giving the release herein, which includes claims which may be unknown to you at present, you hereby expressly waive and relinquish all rights and benefits under any law of any jurisdiction with respect to your release of any unknown or unsuspected claims herein.

(e) Excluded Claims. Notwithstanding the foregoing, the following are not included in the Released Claims (the ***"Excluded Claims"):*** (i) any rights or claims for indemnification you may have pursuant to any written indemnification agreement with the Company to which you are a party or under applicable law; (ii) any rights which cannot be waived as a matter of law; (iii) any rights you have to file or pursue a claim for workers' compensation or unemployment insurance; and (iv) any claims for breach of this Agreement. You hereby represent and warrant that, other than the Excluded Claims, you are not aware of any claims you have or might have against any of the Released Parties that are not included in the Released Claims. You understand that nothing in this Agreement limits your ability to file a charge or complaint with any Government Agency. Furthermore, nothing in this Agreement shall prohibit, prevent, limit or otherwise restrict your right to report or make truthful statements or disclosures to federal, state or local government officials regarding any allegations of unlawful conduct, including but not limited to alleged criminal conduct, unlawful employment practices as defined under Illinois state law or any form of unlawful discrimination, harassment or retaliation that is actionable under Article 2 of the Illinois Human Rights Act, Title VII of the Civil Rights Act of 1965, or any other related local, state or federal rule or law that is enforced by the Illinois Department of Human Rights or the Equal Employment Opportunity Commission. While this Agreement does not limit your right to receive an award for information provided to the Securities and Exchange Commission, you understand and agree that, to maximum extent permitted by law, you are otherwise waiving any and all rights you may have to individual relief based on any claims that you have released and any rights you have waived by signing this Agreement.

15. SECTION 409A.

a . Notwithstanding anything to the contrary in this Agreement, no severance pay or benefits to be paid or provided to you pursuant to this Agreement, when

considered together with any other severance payments or separation benefits, are considered deferred compensation under Internal Revenue Code of 1986, as amended (the ***"Code"),*** Section 409A, and the final regulations and any guidance promulgated thereunder ***("Section 409A")*** (together, the ***"Deferred Payments")*** will be paid or otherwise provided until you have a "separation from service" within the meaning of Section 409A. Each payment and benefit payable under this Agreement, is intended to constitute a separate payment for purposes of Section 1.409A-2(b)(2) of the Treasury Regulation.

b . Notwithstanding anything to the contrary in this Agreement, if you are a "specified employee" within the meaning of Section 409A at the time of your termination (other than due to death), to the extent delayed commencement of any portion of the Deferred Payments to which you are entitled under this Agreement is required in

order to avoid a prohibited distribution under Section 409A(a)(2)(B)(i) of the Code, then the Deferred Payments that are payable within the first six (6) months following your separation from service will become payable on the first payroll date that occurs on or after the date six (6) months and one (1) day following the date of your separation from service. All subsequent Deferred Payments, if any, will be payable in accordance with the payment schedule applicable to each payment or benefit. Notwithstanding anything herein to the contrary, if you die following your separation from service, but prior to the six (6) month anniversary of the separation from service, then any payments delayed in accordance with this paragraph will be payable in a lump sum as soon as administratively practicable after the date of your death and all other Deferred Payments will be payable in accordance with the payment schedule applicable to each payment or benefit.

c. Any amount paid under this Agreement that satisfies the requirements of the "short-term deferral" rule set forth in Section l.409A-l(b)(4) of the Treasury Regulations will not constitute Deferred Payments for purposes of Section 15(a) above.

d. Any amount paid under this Agreement that qualifies as a payment made as a result of an involuntary separation from service pursuant to Section 1.409A l(b)(9)(iii) of the Treasury Regulation that does not exceed the Section 409A Limit (as defined below) will not constitute Deferred Payments for purposes of Section 15(a) above.

e. The foregoing provisions are intended to comply with the requirements of Section 409A so that none of the severance payments and benefits to be provided hereunder will be subject to the additional tax imposed under Section 409A, and any ambiguities herein will be interpreted to so comply. The Company and you agree to work together in good faith to consider amendments to this Agreement and to take such reasonable actions which are necessary, appropriate, and desirable to avoid imposition of any additional tax or income recognition prior to actual payment to you under Section 409A.

f. For purposes of this Agreement, ***"Section 409A Limit"*** will mean two (2) times the lesser of: (i) your annualized compensation based upon the annual rate of pay paid to you during your taxable year preceding the taxable year of your separation from service as determined under Treasury Regulation Section l.409A-l(b)(9)(iii)(A)(l) and any Internal Revenue Service guidance issued with respect thereto; or (ii) the maximum amount that may be taken into account under a qualified plan pursuant to Section 401(a)(17) of the Internal Revenue Code for the year in which your separation from service occurred.

16. REPRESENTATIONS. You hereby represent that you have been paid all compensation owed and for all hours worked, you have received all the leave and leave benefits and protections for which you are eligible pursuant to the federal Family and Medical Leave Act, or otherwise, and you have not suffered any on-the-job injury for which you have not already filed a workers' compensation claim.

17. MISCELLANEOUS. This Agreement, together with its exhibits, constitutes the complete, final and exclusive embodiment of the entire agreement between you and the Company with regard to the subject matter hereof. It is entered into without reliance on any promise or

representation, written or oral, other than those expressly contained herein, and it supersedes any other agreements, promises, warranties or representations concerning its subject matter. This Agreement may not be modified or amended except in a writing signed by both you and a duly authorized officer of the Company. This Agreement will bind the heirs, personal representatives, successors and assigns of both you and the Company, and inure to the benefit of both you and the Company, their heirs, successors and assigns. Any ambiguity in this Agreement shall not be construed against either party as the drafter. Any waiver of a breach of this Agreement, or rights hereunder, shall be in writing and shall not be deemed to be a waiver of any successive breach or rights hereunder. This Agreement will be deemed to have been entered into and will be construed and enforced in accordance with the laws of the State of Illinois, as applied to contracts made and to be performed entirely within Illinois, without regard to conflicts of law principles. I f any provision of this Agreement is determined to be invalid or unenforceable, in whole or in part, this determination shall not affect any other provision of this Agreement and the provision in question shall be modified so as to be rendered enforceable in a manner consistent with the intent of the parties insofar as possible under applicable law. This Agreement may be executed in counterparts which shall be deemed to be part of one original, and facsimile and electronic signatures shall be equivalent to original signatures.

[Signature page follows]

Certain identified information has been excluded from this exhibit because it both (i) is not material and (ii) would be competitively harmful if publicly disclosed.

If this Agreement is acceptable to you, please sign and date below within twenty-one (21) days, and send me the fully signed Agreement. The Company's offer contained herein will automatically expire if we do not receive the fully signed Agreement within this timeframe.

We wish you the best in your future endeavors. Sincerely,

AURINIA PHARMA U.S., INC.

By: */s/ Max Donley*
Executive VP, Internal Operations and Strategy

Exhibit A: Confidentiality Agreement and Assignment of Inventions Exhibit B: Separation Date Release

UNDERSTOOD, ACCEPTED AND AGREED:

/s/ Erik Eglite

Erik Eglite

Date October 26, 2020

Certain identified information has been excluded from this exhibit because it both (i) is not material and (ii) would be competitively harmful if publicly disclosed.

EXHIBIT A

CONFIDENTIALITY AGREEMENT AND ASSIGNMENT OF INVENTIONS

Certain identified information has been excluded from this exhibit because it both (i) is not material and (ii) would be competitively harmful if publicly disclosed.

Thank you for your cooperation in this matter.

Yours truly,

AURINIA PHARMA U.S., INC.
(a Delaware corporation)

By: Authorized Signatory

Accepted and agreed as of the 3 of July 2017

Witness Signature Signature of Erik Eglite

Witness Name

Occupation

Certain identified information has been excluded from this exhibit because it both (i) is not material and (ii) would be competitively harmful if publicly disclosed.

EXHIBIT B

SEPARATION DATE RELEASE

(To be signed and returned to the Company on or within twenty-one (21) days after the Separation Date)

In exchange for the consideration to be provided to me pursuant to that certain letter transition and separation agreement between me and Aurinia Pharma U.S., Inc. (the ***"Company")*** dated September 29, 2020 (the ***"Agreement"),*** I hereby provide the following Separation Date Release. Capitalized terms used but not defined herein shall have the meanings ascribed to them in the Agreement.

I hereby represent that: (i) I have been paid all compensation owed and have been paid for all hours worked for the Company through the Separation Date; (ii) I have received all the leave and leave benefits and protections for which I am eligible pursuant to the federal Family and Medical Leave Act or otherwise; and (iii) I have not suffered any on-the-job injury for which I have not already filed a claim.

I hereby generally and completely release the Company, and its affiliated, related, parent and subsidiary entities, and its and their current and former directors, officers, employees, shareholders, partners, agents, attorneys, predecessors, successors, insurers, affiliates, and assigns (collectively, the ***"Released Parties")*** from any and all claims, liabilities and obligations, both known and unknown, that arise out of or are in any way related to events, acts, conduct, or omissions occurring prior to or on the date you sign this Agreement (collectively, the ***"Released Claims").***

The Released Claims include, but are not limited to: (i) all claims arising out of or in any way related to my employment with the Company, or the termination of that employment; (ii) all claims related to my compensation or benefits from the Company, including salary, bonuses, commissions, vacation, expense reimbursements, severance pay, fringe benefits, stock, stock options, or any other ownership, equity, or profits interests in the Company; (iii) all claims for breach of contract, wrongful termination, and breach of the implied covenant of good faith and fair dealing; (iv) all tort claims, including claims for fraud, defamation, emotional distress, and discharge in violation of public policy; and (v) all federal, state, and local statutory claims, including claims for discrimination, harassment, retaliation, attorneys' fees, or other claims arising under the federal Civil Rights Act of 1964 (as amended), the federal Americans with Disabilities Act of 1990, the federal Age Discrimination in Employment Act of 1967 (as amended) (the***"ADE4"),*** "), the Illinois Human Rights Act, the Illinois Right to Privacy in the Workplace Act, the Illinois Employment Contract Act, the Illinois Whistleblower Act, the Illinois Equal Pay Act, and any other laws, statutes, or regulations of the state in which I reside and/or work.

I acknowledge that I am are knowingly and voluntarily waiving and releasing any rights I may have under the ADEA (the ***"Release ADEA Waiver").*** I also acknowledge that the consideration given for this waiver is in addition to anything of value to which I was already entitled. I further acknowledge that I have been advised by this writing, as required by the ADEA, that: (a) this waiver does not apply to any rights or claims that arise after the date I sign this Separation Date Release; (b) I should consult with an attorney prior to signing this Separation Date Release; (c) I have had twenty-one (21) days to consider this Separation Date Release; (d) I have seven (7) days following the date I sign this Separation Date Release to revoke (in a written revocation sent to the Company's CEO); and (e) this Separation Date Release will not be effective until the date upon which the revocation period has expired, which will be the eighth day after I sign this Separation Date Release (the ***"Release Effective Date").***

I UNDERSTAND THAT THIS SEPARATION DATE RELEASE INCLUDES A RELEASE OF ALL KNOWN AND UNKNOWN CLAIMS, EVEN THOSE UNKNOWN CLAIMS THAT, IF KNOWN BY ME, WOULD AFFECT MY

DECISION TO ACCEPT THIS AGREEMENT. In giving the release herein, which includes claims which may be unknown to me at present, I hereby expressly waive and relinquish all rights and benefits under any law of any jurisdiction with respect to my release of any unknown or unsuspected claims herein.

Notwithstanding the foregoing, I acknowledge and understand that the following are not included in the Released Claims (the ***"Excluded Claims"):*** (i) any rights or claims for indemnification I may have pursuant to any written indemnification agreement with the Company to which I am a party or under applicable law; (ii) any rights which are not waivable as a matter of law; and (iii) any claims for breach of this Agreement. I hereby represent and warrant that, other than the Excluded Claims, I am not aware of any claims I have or might have against any of the Released Parties that are not included in the Released Claims. I understand that nothing in this Agreement limits my ability to file a charge or complaint with any Government Agency. I further understand this Agreement does not limit my ability to communicate with any Government Agencies or otherwise participate in any investigation or proceeding that may be conducted by any Government Agency, including providing documents or other information, without notice to the Company. Furthermore, nothing in this Agreement shall prohibit, prevent, limit or otherwise restrict my right to report or make truthful statements or disclosures to federal, state or local government officials regarding any allegations of unlawful conduct, including but not limited to alleged criminal conduct, unlawful employment practices as defined under Illinois state law or any form of unlawful discrimination, harassment or retaliation that is actionable under Article 2 of the Illinois Human Rights Act, Title VII of the Civil Rights Act of 1965, or any other related local, state or federal rule or law that is enforced by the Illinois Department of Human Rights or the Equal Employment Opportunity Commission. While this Agreement does not limit my right to receive an award for information provided to the Securities and Exchange Commission, I understand and agree that, to maximum extent permitted by law, I am otherwise waiving any and all rights I may have to individual relief based on any claims that I have released and any rights I have waived by signing this Agreement.

This Separation Date Release, together with the Agreement and its exhibits, constitutes the entire agreement between me, and the Company with respect to the subject matter hereof. I am not relying on any representation not contained herein or in the Agreement.

UNDERSTOOD, ACCEPTED AND AGREED:

Erik Eglite Date

Exhibit 10.20

FORM OF OPTION COMMITMENT

AURINIA PHARMACEUTICALS INC.
OPTION COMMITMENT

Notice is hereby given that, effective this ● **day of ●, ●** (the "Effective Date") AURINIA PHARMACEUTICALS INC. (the "Company") has granted to ● (the "Service Provider"), an Option to acquire ● common shares of the Company ("Optioned Shares") up to ● p.m. MT on the ● **day of ●, ●** (the "Expiry Date") at an exercise price (the "Exercise Price") of **USD$●** per share (the "Options").

Vesting: Optioned Shares may be acquired as follows: **Twelve thirty-six (12/36) of the Optioned Shares will vest on the ● day of ●, ●. Thereafter, one thirty-six (1/36) of the remainder of the Optioned Shares will vest each month over a period of twenty-four months, commencing ● day of ●, ● and continuing up to and including ● day of ●, ●.**

Term: The term of these Options is **ten (10) years** from the date of grant, unless otherwise determined by the board of directors of the Company.

This initial grant is intended to serve as an inducement for you to join the Company and to satisfy the requirements for inducement grants pursuant to Nasdaq Listing Rule 5635(c)(4) which permits the Company to issue you security-based compensation without shareholder approval in order to induce you to enter into an employment arrangement as an employee of the Company. For greater clarity, these Options are not being issued pursuant to the Company's equity incentive plan; however, to the extent not otherwise specified in this Option Commitment, these options shall be governed with like terms and conditions as set out in the Company's equity incentive plan.

The Initial Grant will be granted in accordance with the Company's stock option grant polices and will be a non-statutory stock option. If your Start Date falls within a "blackout" period under the Company's insider trading policy your initial stock options will be granted after the "blackout" period is lifted.

To exercise your Options, deliver to the Company a written notice specifying the number of Optioned Shares you wish to acquire, together with cash, certified cheque or bank draft payable to the Company for the aggregate Exercise Price and the aggregate of any amounts required by law to be withheld by the Company on the exercise of such Options, or separate cash payments,

or certified cheques or bank drafts for such Exercise Price and such amount to be withheld. Notwithstanding the foregoing, the Service Provider may be obligated to comply with such other procedures and conditions implemented by the Company with respect to the payment, funding or withholding of such amounts to be withheld.

A certificate or a written notice, in the case of uncertificated shares, for the Optioned Shares so acquired will be issued by the transfer agent of the Company as soon as practicable after receipt by the Company thereof.

AURINIA PHARMACEUTICALS INC.

Joe Miller
Chief Financial Officer

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Exhibit 21.1

LIST OF SUBSIDIARIES

The following is a list of subsidiaries of Aurinia Pharmaceuticals, Inc. as of December 31, 2020.

Subsidiary	**State or Other Jurisdiction of Incorporation or Organization**
Aurinia Pharma U.S. Inc.	Delaware
Aurinia Pharma Limited	United Kingdom

Consent of Independent Registered Public Accounting Firm

We hereby consent to the incorporation by reference in the Registration Statements on Form S-8 (No. 333-239048), Form S-8 (No. 333-233765), Form S-8 (No. 333-225538), and Form S-8 (No. 333-216447) of Aurinia Pharmaceuticals Inc. (the Registrant) of our report dated February 24, 2021 relating to the consolidated financial statements and the effectiveness of internal control over financial reporting, which appears in this Form 10-K.

/s/PricewaterhouseCoopers LLP

Chartered Professional Accountants
Edmonton, Alberta, Canada

February 24, 2021

PricewaterhouseCoopers LLP
Stantec Tower, 10220 103 Avenue NW, Suite 2200, Edmonton, Alberta, Canada T5J 0K4
T: 780 441 6700, F:780 441 6776, www.pwc.com/ca

Exhibit 31.1

CERTIFICATION PURSUANT TO RULE 13a-14 OR 15d-14 OF THE SECURITIES EXCHANGE ACT OF 1934, AS ADOPTED PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002

I, Peter Greenleaf, certify that:

1. I have reviewed this annual report of Aurinia Pharmaceuticals Inc. on Form 10-K;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the issuer as of, and for, the period presented in this report;

4. The issuer's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the issuer and have:

   a. Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the issuer, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   b. Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   c. Evaluated the effectiveness of the issuer's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   d. Disclosed in this report any change in the issuer's internal control over financial reporting that occurred during the period covered by the annual report that has materially affected, or is reasonably likely to materially affect, the issuer's internal control over financial reporting; and

5. The issuer's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the issuer's auditors and the audit committee of the issuer's board of directors (or persons performing the equivalent functions):

   a. All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the issuer's ability to record, process, summarize and report financial information; and

   b. Any fraud, whether or not material, that involves management or other employees who have a significant role in the issuer's internal control over financial reporting.

Dated: February 24, 2021

AURINIA PHARMACEUTICALS INC.

/s/ Peter Greenleaf

Name: Peter Greenleaf

Title: Chief Executive Officer

CERTIFICATION PURSUANT TO RULE 13a-14 OR 15d-14 OF THE SECURITIES EXCHANGE ACT OF 1934, AS ADOPTED PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002

I, Joseph Miller, certify that:

1. I have reviewed this annual report of Aurinia Pharmaceuticals Inc. on Form 10-K;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the issuer as of, and for, the period presented in this report;

4. The issuer's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the issuer and have:

   a. Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the issuer, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   b. Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   c. Evaluated the effectiveness of the issuer's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   d. Disclosed in this report any change in the issuer's internal control over financial reporting that occurred during the period covered by the annual report that has materially affected, or is reasonably likely to materially affect, the issuer's internal control over financial reporting; and

5. The issuer's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the issuer's auditors and the audit committee of the issuer's board of directors (or persons performing the equivalent functions):

   a. All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the issuer's ability to record, process, summarize and report financial information; and

   b. Any fraud, whether or not material, that involves management or other employees who have a significant role in the issuer's internal control over financial reporting.

Dated: February 24, 2021

AURINIA PHARMACEUTICALS INC.

/s/ Joseph Miller

Name: Joseph Miller

Title: Chief Financial Officer

Exhibit 32.1

CERTIFICATION PURSUANT TO 18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Annual Report of Aurinia Pharmaceuticals Inc. (the "Company") on Form 10-K for the fiscal year ended December 31, 2020, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Peter Greenleaf, certify, pursuant to 18 U.S.C. section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that to the best of my knowledge:

1. The Report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

2. The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Dated: February 24, 2021 AURINIA PHARMACEUTICALS INC.

/s/ Peter Greenleaf

Name: Peter Greenleaf

Title: Chief Executive Officer

CERTIFICATION PURSUANT TO 18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Annual Report of Aurinia Pharmaceuticals Inc. (the "Company") on Form 10-K for the fiscal year ended December 31, 2020, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Joseph Miller, certify, pursuant to 18 U.S.C. section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that to the best of my knowledge:

1. The Report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

2. The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Dated: February 24, 2021 AURINIA PHARMACEUTICALS INC.

/s/ Joseph Miller

Name: Joseph Miller

Title: Chief Financial Officer