UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 10-Q

[X] QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the quarterly period ended **March 31, 2018**

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: **001-34949**

ARBUTUS BIOPHARMA CORPORATION

(Exact Name of Registrant as Specified in Its Charter)

British Columbia, Canada	**98-0597776**
(State or Other Jurisdiction of Incorporation or Organization)	(I.R.S. Employer Identification No.)

100-8900 Glenlyon Parkway, Burnaby, BC, Canada V5J 5J8

(Address of Principal Executive Offices)

604-419-3200

(Registrant's Telephone Number, Including Area Code)

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 [X] No [ ]

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files).

Yes [X] No [ ]

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

Large accelerated filer [ ]	Accelerated filer [X]	Non-accelerated filer [ ] (Do not check if a smaller reporting company)	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 is a shell company (as defined in Rule 12b-2 of the Exchange Act).

Yes [ ] No [X]

As of April 30, 2018, the registrant had 55,167,997 common shares, no par value, outstanding. In addition, the Company had 6,768,966 stock options outstanding and 1,164,000 Series A participating convertible preferred shares (the "Preferred Shares"), outstanding, which will be subject to mandatory conversion into 22,589,601 common shares on October 16, 2021 (subject to limited exceptions in the event of certain fundamental corporate transactions relating to Arbutus' capital structure or assets, which would permit earlier conversion at Roivant's option). Assuming the stock options were exercised and preferred shares were converted as of April 30, 2018, the Company would have had 78,836,494 common shares outstanding at April 30, 2018.

ARBUTUS BIOPHARMA CORP.

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PART I. FINANCIAL INFORMATION

ITEM 1. FINANCIAL STATEMENTS (UNAUDITED)

ARBUTUS BIOPHARMA CORPORATION

Condensed Consolidated Balance Sheets
(Unaudited)

(Expressed in thousands of U.S. dollars, except share and per share amounts)
(Prepared in accordance with US GAAP)

	March 31, 2018	December 31, 2017
Assets		
Current assets:		
Cash and cash equivalents	**$ 12,461**	$ 54,292
Short-term investments (note 2)	**160,079**	72,060
Accounts receivable	**719**	402
Accrued revenue	**128**	128
Investment tax credits receivable	**342**	340
Prepaid expenses and other assets	**1,457**	2,144
Total current assets	**175,186**	129,366
Restricted cash (note 2)	**—**	12,601
Property and equipment	**25,080**	24,854
Less accumulated depreciation	**(13,251)**	(12,671)
Property and equipment, net of accumulated depreciation	**11,829**	12,183
Intangible assets (note 3)	**58,647**	58,647
Goodwill (note 3)	**24,364**	24,364
Total assets	**$ 270,026**	$ 237,161
Liabilities and stockholders' equity		
Current liabilities:		
Accounts payable and accrued liabilities (note 6)	**$ 6,459**	$ 10,646
Deferred revenue (note 4)	**1,720**	2,742
Liability-classified options (note 2)	**1,188**	1,239
Site consolidation accrual (note 8)	**1,029**	—
Total current liabilities	**10,396**	14,627
Deferred lease incentives, net of current portion	**693**	693
Loan payable (note 7)	**—**	12,001
Contingent consideration (notes 2 and 9)	**9,576**	10,424
Deferred tax liability	**16,943**	16,943
Total liabilities	**37,608**	54,688
Stockholders' equity:		
Preferred shares (note 5)		
Authorized - 1,164,000 with no par value		
Issued and outstanding: 1,164,000 (December 31, 2017 - 500,000)	**118,381**	49,780
Common shares		
Authorized - unlimited number with no par value		
Issued and outstanding: 55,087,191 (December 31, 2017 - 55,060,662)	**876,288**	876,108
Additional paid-in capital	**43,769**	42,840
Deficit	**(757,835)**	(738,070)
Accumulated other comprehensive loss	**(48,185)**	(48,185)
Total stockholders' equity	**232,418**	182,473
Total liabilities and stockholders' equity	**$ 270,026**	$ 237,161

Nature of business and future operations (note 1)
Contingencies and commitments (note 9)
Subsequent events (note 11)
See accompanying notes to the condensed consolidated financial statements.

ARBUTUS BIOPHARMA CORPORATION

Condensed Consolidated Statements of Operations and Comprehensive Loss
(Unaudited)

(Expressed in thousands of U.S. dollars, except share and per share amounts)
(Prepared in accordance with US GAAP)

	Three months ended March 31,	
	2018	2017
Revenue (note 4)	**$ 1,436**	$ 235
Expenses		
Research, development, collaborations and contracts	**13,949**	13,872
General and administrative	**3,669**	4,328
Depreciation of property and equipment	**602**	334
Site consolidation (note 8)	**1,621**	—
Total expenses	**19,841**	18,534
Loss from operations	**(18,405)**	(18,299)
Other income (losses)		
Interest income	**758**	368
Interest expense	**(104)**	(42)
Foreign exchange gain (loss)	**(526)**	427
Decrease (increase) in fair value of warrant liability (note 2)	—	(22)
Decrease (increase) in fair value of contingent consideration (note 9)	**848**	(1,059)
Total other income (losses)	**976**	(328)
Net loss	**$ (17,429)**	$ (18,627)
Items applicable to preferred shares		
Accrual of coupon on convertible preferred shares	**(2,336)**	—
Net loss attributable to common shares	**$ (19,765)**	**$ (18,627)**
Net loss attributable to common shareholders, per share		
Basic and diluted	**$ (0.36)**	$ (0.34)
Weighted average number of common shares		
Basic and diluted	**55,071,964**	54,307,464

See accompanying notes to the condensed consolidated financial statements.

ARBUTUS BIOPHARMA CORPORATION

Condensed Consolidated Statement of Stockholders' Equity
(Unaudited)

(Expressed in thousands of U.S. dollars, except share and per share amounts)
(Prepared in accordance with US GAAP)

	Convertible Preferred Shares		Common Shares					
	Number of shares	Share capital	Number of shares	Share capital	Additional paid-in capital	Deficit	Accumulated other comprehensive loss	Total stockholders' equity
December 31, 2017	**500,000**	**$ 49,780**	**55,060,650**	**$ 876,108**	**$ 42,840**	**$ (738,070)**	**$ (48,185)**	**$ 182,473**
Issuance of Preferred Shares, net of issuance cost of $135	664,000	66,265						66,265
Accrual of coupon on Preferred Shares (note 5)		2,336				(2,336)		—
Stock-based compensation					1,510			1,510
Certain fair value adjustments to liability stock option awards					(504)			(504)
Issuance of common shares pursuant to exercise of options			26,541	180	(77)			103
Net loss						(17,429)		(17,429)
Balance, March 31, 2018	**1,164,000**	**$ 118,381**	**55,087,191**	**$ 876,288**	**$ 43,769**	**$ (757,835)**	**$ (48,185)**	**$ 232,418**

See accompanying notes to the condensed consolidated financial statements.

ARBUTUS BIOPHARMA CORPORATION

Condensed Consolidated Statements of Cash Flow
(Unaudited)

(Expressed in thousands of U.S. dollars)
(Prepared in accordance with US GAAP)

	Three months ended March 31,	
	2018	2017
OPERATING ACTIVITIES		
Net loss for the period	**$ (17,429)**	$ (18,627)
Items not involving cash:		
Depreciation of property and equipment	**602**	334
Stock-based compensation - research, development, collaborations and contract expenses	**783**	2,622
Stock-based compensation - general and administrative expenses	**172**	1,881
Unrealized foreign exchange (gains) losses	**565**	(425)
Change in fair value of warrant liability	**—**	22
Change in fair value of contingent consideration	**(848)**	1,059
Net change in non-cash operating items:		
Accounts receivable	**(317)**	(7,605)
Investment tax credits receivable	**(2)**	(15)
Prepaid expenses and other assets	**687**	(264)
Accounts payable and accrued liabilities	**(4,187)**	(3,909)
Deferred revenue	**(1,022)**	7,392
Site consolidation accrual	**1,029**	—
Net cash used in operating activities	**(19,967)**	(17,535)
INVESTING ACTIVITIES		
Disposition (acquisition) of short and long-term investments, net	**(75,418)**	26,618
Acquisition of property and equipment	**(248)**	(3,423)
Net cash provided by (used) in investing activities	**(75,666)**	23,195
FINANCING ACTIVITIES		
Promissory note repayment (note 7)	**(12,001)**	—
Proceeds from sale of Series A Preferred Shares, net of issuance costs	**66,265**	—
Issuance of common shares pursuant to exercise of options	**103**	1
Issuance of common shares pursuant to exercise of warrants	**—**	353
Net cash provided by financing activities	**54,367**	354
Effect of foreign exchange rate changes on cash and cash equivalents	**(565)**	424
(Decrease) Increase in cash and cash equivalents	**(41,831)**	6,438
Cash and cash equivalents, beginning of period	**54,292**	23,413
Cash and cash equivalents, end of period	**$ 12,461**	$ 29,851
Supplemental cash flow information		
Non-cash transactions:		
Acquired property and equipment in trade payables	**—**	1,427

See accompanying notes to the condensed consolidated financial statements.

1. Nature of business and future operations

Arbutus Biopharma Corporation (the "Company" or "Arbutus") is a biopharmaceutical business dedicated to discovering, developing, and commercializing a cure for patients suffering from chronic hepatitis B infection, a disease of the liver caused by the hepatitis B virus ("HBV"). To pursue its strategy of developing a curative combination regimen, the Company has assembled a pipeline of multiple drug candidates with differing and complementary mechanisms of action targeting HBV.

The success of the Company is dependent on obtaining the necessary regulatory approvals to bring its products to market and achieve profitable operations. The continuation of the research and development activities and the commercialization of its products are dependent on the Company's ability to successfully complete these activities and to obtain adequate financing through a combination of financing activities and operations. It is not possible to predict either the outcome of future research and development programs or the Company's ability to continue to fund these programs in the future.

2. Significant accounting policies

Basis of presentation

These unaudited condensed consolidated financial statements have been prepared in accordance with generally accepted accounting principles of the United States of America ("U.S. GAAP") for interim financial statements and accordingly, do not include all disclosures required for annual financial statements. These statements should be read in conjunction with the Company's audited consolidated financial statements and notes thereto for the year ended December 31, 2017 and included in the Company's Annual Report on Form 10-K for the year ended December 31, 2017. The unaudited condensed consolidated financial statements reflect, in the opinion of management, all adjustments and reclassifications necessary to present fairly the financial position, results of operations and cash flows at March 31, 2018 and for all periods presented. The results of operations for the three months ended March 31, 2018 and March 31, 2017 are not necessarily indicative of the results for the full year. These unaudited condensed consolidated financial statements follow the same significant accounting policies as those described in the notes to the audited consolidated financial statements of the Company for the year ended December 31, 2017, except as described below.

Principles of Consolidation

These unaudited condensed consolidated financial statements include the accounts of the Company and its two wholly-owned subsidiaries, Arbutus Biopharma Inc. ("Arbutus Inc.") and Protiva Biotherapeutics Inc. ("Protiva"). On January 1, 2018, Protiva was amalgamated with Arbutus Biopharma Corporation. All intercompany transactions and balances have been eliminated on consolidation.

Income or loss per share

The Company follows the two-class method when computing net loss attributable to common shareholders per share as the Company has issued Preferred Shares (note 5) that meet the definition of participating securities. The Preferred Shares entitle the holders to participate in dividends but do not require the holders to participate in losses of the Company. Accordingly, if the Company reports a net loss attributable to common shareholders net losses are not allocated to Preferred Shareholders.

Income or loss per share is calculated based on the weighted average number of common shares outstanding. Diluted loss per share does not differ from basic loss per share since the effect of the Company's stock options, liability-classified stock option awards, and warrants are anti-dilutive. During the three months ended March 31, 2018, potential common shares of 22,095,109, consisting of the as-if converted number of Class A Preferred shares and stock options, (March 31, 2017 – 5,961,443) were excluded from the calculation of loss per common share because their inclusion would be anti-dilutive.

The following table sets out the computation of basic and diluted net loss attributable to common shareholders per share:

	For the period ended March 31,		
	2018		2017
Numerator:	**Common Shares**	**Preferred Shares**	Common Shares
Allocation of distributable earnings	$ —	$ 2,336	$ —
Allocation of undistributed earnings (loss)	(19,765)	—	(18,627)
Allocation of earnings (loss) attributed to shareholders	**$ (19,765)**	**$ 2,336**	$ (18,627)
Denominator:			
Weighted average number of shares - basic and diluted	**55,071,964**	**1,075,467**	54,307,464
Basic and diluted net loss attributable to shareholders per share	**$ (0.36)**	**$ 2.17**	$ (0.34)

Fair value of financial instruments

The Company measures certain financial instruments and other items at fair value.

To determine the fair value, the Company uses the fair value hierarchy for inputs used in measuring fair value that maximizes the use of observable inputs and minimizes the use of unobservable inputs by requiring that the most observable inputs be used when available. Observable inputs are inputs market participants would use to value an asset or liability and are developed based on market data obtained from independent sources. Unobservable inputs are inputs based on assumptions about the factors market participants would use to value an asset or liability. The three levels of inputs that may be used to measure fair value are as follows:

- Level 1 inputs are quoted market prices for identical instruments available in active markets.
- Level 2 inputs are inputs other than quoted prices included within Level 1 that are observable for the asset or liability either directly or indirectly. If the asset or liability has a contractual term, the input must be observable for substantially the full term. An example includes quoted market prices for similar assets or liabilities in active markets.
- Level 3 inputs are unobservable inputs for the asset or liability and will reflect management's assumptions about market assumptions that would be used to price the asset or liability.

The following table presents information about the Company's assets and liabilities that are measured at fair value on a recurring basis, and indicates the fair value hierarchy of the valuation techniques used to determine such fair value:

	Level 1	Level 2	Level 3	March 31, 2018
Assets				
Cash and cash equivalents	$ 12,461	—	—	$ 12,461
Short-term investments	160,079	—	—	160,079
Long-term investment	—	—	—	—
Total	$ 172,540	—	—	$ 172,540
Liabilities				
Liability-classified options	—	—	$ 1,188	$ 1,188
Contingent consideration	—	—	9,576	9,576
Site consolidation accrual			1,029	1,029
Total	—	—	$ 11,793	$ 11,793

	Level 1	Level 2	Level 3	December 31, 2017
Assets				
Cash and cash equivalents	$ 54,292	—	—	$ 54,292
Short-term investments	72,060	—	—	72,060
Restricted cash	12,601	—	—	12,601
Total	$ 138,953	—	—	$ 138,953
Liabilities				
Liability-classified options			$ 1,239	$ 1,239
Contingent consideration	—	—	10,424	10,424
Total	—	—	$ 11,663	$ 11,663

The following table presents the changes in fair value of the Company's liability-classified stock option awards:

	Liability at beginning of the period	Fair value of liability-classified options exercised in the period	Increase (decrease) in fair value of liability	Liability at end of the period
Three months ended March 31, 2017	$ 553	$ —	$ 266	$ 819
Three months ended March 31, 2018	$ 1,239	$ —	$ (51)	$ 1,188

The following table presents the changes in fair value of the Company's contingent consideration:

	Liability at beginning of the period	Increase in fair value of Contingent Consideration	Liability at end of the period
Three months ended March 31, 2017	$ 9,065	$ 1,059	$ 10,124
Three months ended March 31, 2018	$ 10,424	$ (848)	$ 9,576

Site consolidation accrual

Site consolidation accrual includes one-time employee termination benefits, employee relocation costs, and site closure costs. The Company accounts for site consolidation expense in accordance with ASC 420, *Exit or Disposal Cost Obligations*. ASC 420 specifies that a liability for a cost associated with an exit or disposal activity be recognized when the liability is incurred,

except for a liability where employees are required to render service until they are terminated in order to receive termination benefits and will be retained to render service beyond the minimum retention period. A liability for such one-time termination benefits shall be measured initially at the communication date based on the fair value of the liability as of the termination date and recognized ratably over the future service period. The fair value of these liabilities is based present value model using a credit-adjusted risk-free rate.

Recent accounting pronouncements

From time to time, new accounting pronouncements are issued by the Financial Accounting Standards Board (FASB) or other standard setting bodies that are adopted by the Company as of the specified effective date. Unless otherwise discussed, we believe that the impact of recently issued standards that are not yet effective will not have a material impact on our financial position or results of operations upon adoption.

The new revenue standard (Accounting Standards Codification "ASC" 606) became effective for the Company on January 1, 2018, and was adopted using the modified retrospective method under which previously presented financial statements are not restated and the cumulative effect of adopting the new revenue standard on contracts in process is recognized by an adjustment to retained earnings at the effective date. The adoption of the new revenue standard did not change the Company's recognized revenue under its ongoing significant collaborative research and license agreements and no cumulative effect adjustment was required.

The new guidance in ASC 606 requires an entity to recognize the amount of revenue to which it expects to be entitled for the transfer of promised goods or services to customers under a five-step model: (1) identify 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 (5) recognize revenue when or as a performance obligation is satisfied.

The Company generates revenue primarily through collaboration agreements. Such agreements may require the Company to deliver various rights and/or services, including intellectual property rights or licenses and research and development services. Under such collaboration agreements, the Company is generally eligible to receive non-refundable upfront payments, funding for research and development services, milestone payments, and royalties.

In contracts where the Company has more than one performance obligation to provide its customer with goods or services, each performance obligation is evaluated to determine whether it is distinct based on whether (i) the customer can benefit from the good or service either on its own or together with other resources that are readily available and (ii) the good or service is separately identifiable from other promises in the contract. The consideration under the contract is then allocated between the distinct performance obligations based on their respective relative stand-alone selling prices. The estimated stand-alone selling price of each deliverable reflects the Company's best estimate of what the selling price would be if the deliverable was regularly sold on a stand-alone basis and is determined by reference to market rates for the good or service when sold to others or by using an adjusted market assessment approach if selling price on a stand-alone basis is not available.

The consideration allocated to each distinct performance obligation is recognized as revenue when control is transferred to the customer for the related goods or services. Consideration associated with at-risk substantive performance milestones, including sales-based milestones, is recognized as revenue when it is probable that a significant reversal of the cumulative revenue recognized will not occur. Sales-based royalties received in connection with licenses of intellectual property are subject to a specific exception in the revenue standards, whereby the consideration is not included in the transaction price and recognized in revenue until the customer's subsequent sales or usages occur.

In February 2016, the FASB issued ASU 2016-02, Leases (Topic 842): Recognition and Measurement of Financial Assets and Financial Liabilities. The update supersedes Topic 840, Leases and requires the recognition of lease assets and lease liabilities by lessees for those leases classified as operating leases under previous GAAP. Topic 842 retains a distinction between finance leases and operating leases, with cash payments from operating leases classified within operating activities in the statement of cash flows. The amendments in this update are effective for fiscal years beginning after December 15, 2018 for public business entities, which for the Company means January 1, 2019. The Company does not plan to early adopt this update. The extent of the impact of this adoption has not yet been determined.

In August 2016, the FASB issued ASU No. 2016-15, Statement of Cash Flows (Topic 230): Classification of Certain Cash Receipts and Cash Payments. The new standard clarifies certain aspects of the statement of cash flows, and aims to reduce diversity in practice regarding how certain transactions are classified in the statement of cash flows. This standard was effective January 1, 2018. The Company adopted ASU No. 2016-15 in the first quarter of 2018. The adoption of this guidance did not have a material impact on the Company's financial position and results of operations.

In October 2016 the FASB issued ASU No. 2016-16, Income Taxes (Topic 740): Intra-Entity Transfer of Assets Other Than Inventory. This new standard eliminates the deferral of the tax effects of intra-entity asset transfers other than inventory. As a result, the income tax consequences from the intra-entity transfer of an asset other than inventory and associated changes to deferred taxes will be recognized when the transfer occurs. The Company adopted ASU No. 2016-16 in the first quarter of 2018. The adoption of this guidance did not have a material impact on the Company's financial position and results of operations.

In November 2016, the FASB issued a new standard that clarifies how entities should present restricted cash in the statement of cash flows. Under the new standard, changes in total cash, inclusive of restricted cash, should be reflected in the statement of cash flows. As a result, transfers between cash and restricted cash will no longer be reflected as activity within the statement of cash flows. We adopted the new standard on January 1, 2018. The adoption of this standard did not have a material impact on our condensed consolidated statements of cash flows.

3. Intangible assets and goodwill

All in-process research and development (IPR&D) acquired is currently classified as indefinite-lived and is not currently being amortized. IPR&D becomes definite-lived upon the completion or abandonment of the associated research and development efforts, and will be amortized from that time over an estimated useful life based on respective patent terms. The Company evaluates the recoverable amount of intangible assets on an annual basis and performs an annual evaluation of goodwill as of December 31 each year, unless there is an event or change in the business that could indicate impairment, in which case earlier testing is performed.

The following table summarizes the carrying values of the intangible assets as at March 31, 2018:

		March 31, 2018		December 31, 2017
IPR&D – Immune Modulators	**$**	**—**	$	—
IPR&D – Antigen Inhibitors		**14,811**		14,811
IPR&D – cccDNA Sterilizers		**43,836**		43,836
Total Intangible Assets	**$**	**58,647**	$	58,647

Impairment evaluation of goodwill

At March 31, 2018, the Company did not identify any new indicators of impairment. No impairment charge on intangible assets or goodwill was recorded for the period ended March 31, 2018 (three months ended March 31, 2017 - nil).

4. Collaborations, contracts and licensing agreements

The following table set forth revenue recognized under collaborations, contracts and licensing agreements, in thousands:

	Three months ended March 31,	
	2018	2017
Alexion (a)	**$ —**	$ 127
Gritstone (b)	**1,150**	—
Other milestone and royalty payments (c)	**286**	108
Total revenue	**$ 1,436**	$ 235

The following table sets forth deferred collaborations and contracts revenue:

	March 31, 2018	December 31, 2017
Gritstone (b)	**$ 1,705**	$ 2,727
DoD	**15**	15
Deferred revenue, current portion	**1,720**	2,742
Total deferred revenue	**$ 1,720**	$ 2,742

(a) License Agreement with Alexion Pharmaceuticals, Inc. ("Alexion")

On March 16, 2017, the Company signed a license agreement with Alexion that entitles Alexion to research, develop, manufacture, and commercialize products with the Company's lipid nanoparticle ("LNP") technology in their single orphan disease target. In consideration for the rights granted under the agreement, the Company received a $7,500,000 non-refundable upfront cash payment, as well as payments for services provided. This upfront payment was amortized over the period of expected benefit.

On July 27, 2017, the Company received notice of termination from Alexion for the Company's LNP license agreement. The termination was driven by a strategic review of Alexion's business and research and development portfolio, which included a decision to discontinue development of mRNA therapeutics. The $7,500,000 upfront payment received in March 2017 is non-refundable, and the Company recorded the remaining deferred revenue balance, as well as any revenue and costs related to closeout procedures in the statement of operations and comprehensive loss for the period ended September 30, 2017.

(b) License agreement with Gritstone

On October 16, 2017, the Company entered into a license agreement with Gritstone that entitles Gritstone to research, develop, manufacture and commercialize products with the Company’s LNP technology. The Company received an upfront payment in November 2017, and is eligible to receive future potential payments including research services, development and commercial milestone payments and royalty payments on future product sales.

The Company determined the promised goods and services under the Agreements included the rights and license granted, involvement in the joint steering committee, and other services provided, as determined under the research plan. The license and involvement in the joint steering committee have been determined by the Company to be distinct. Therefore, these promised goods and services are treated as one performance obligation and recognized as revenue over the performance period as the Company transfers the technical "know-how" for the customized formulations. As at January 1, 2018 and March 31, 2018 the Company had $2,727,000 and $1,705,000 of contract liabilities related to the upfront payment from this licensing agreement, $1,022,000 was recognized as revenue during the three months ended March 31, 2018.

The Company has determined that other materials and services provided have standalone value. The relative fair values are estimated upon the execution of each activity and charged at rates comparable to market with embedded margins on each service activity.

(c) Agreements with Spectrum Pharmaceuticals, Inc. (“Spectrum”)

On May 6, 2006, the Company signed a number of agreements with Talon Therapeutics, Inc. (“Talon”, formerly Hana Biosciences, Inc.) including the grant of worldwide licenses (the “Talon License Agreement”) for three of the Company’s chemotherapy products, Marqibo®, Alocrest ™ (Optisomal Vinorelbine) and Brakiva ™ (Optisomal Topotecan).

On August 9, 2012, the Company announced that Talon had received accelerated approval for Marqibo from the FDA for the treatment of adult patients with Philadelphia chromosome negative acute lymphoblastic leukemia in second or greater relapse or whose disease has progressed following two or more anti-leukemia therapies. Marqibo is a liposomal formulation of the chemotherapy drug vincristine. In the year ended December 31, 2012, the Company received a milestone of $1,000,000 based on the FDA's approval of Marqibo and will receive royalty payments based on Marqibo's commercial sales. There are no further milestones related to Marqibo but the Company is eligible to receive total milestone payments of up to $18,000,000 on Alocrest and Brakiva.

Talon was acquired by Spectrum in July 2013. The acquisition does not affect the terms of the license between Talon and the Company. On September 3, 2013, Spectrum announced that they had shipped the first commercial orders of Marqibo. For the three months ended March 31, 2018, the Company recorded $22,000 in Marqibo royalty revenue (three months ended March 31, 2017 - $54,000). For the three months ended March 31, 2018, the Company accrued 2.5% in royalties due to TPC in respect of the Marqibo royalty earned by the Company – see note 9, contingencies and commitments.

5. Share capital

Series A participating convertible preferred shares ("Preferred Shares")

On October 2, 2017, the Company announced that it entered into a subscription agreement with Roivant for the sale of Preferred Shares to Roivant for gross proceeds of $116,400,000. The Preferred Shares are non-voting and are convertible into common shares at a conversion price of $7.13 per share. The purchase price for the Preferred Shares plus an amount equal to 8.75% per annum, compounded annually, will be subject to mandatory conversion into 22,589,601 common shares on October 16, 2021 (subject to limited exceptions in the event of certain fundamental corporate transactions relating to Arbutus’ capital structure or assets, which would permit earlier conversion at Roivant’s option). After conversion of the Preferred Shares into common shares, based on the number of common shares outstanding on October 2, 2017, Roivant would hold 49.90% of the Company's common shares. Roivant has agreed to a four year lock-up period for this investment and its existing holdings in Arbutus. Roivant has also agreed to a four year standstill whereby Roivant will not acquire greater than 49.99% of the Company's common shares or securities convertible into common shares.

The initial investment of $50,000,000 closed on October 16, 2017, and the remaining amount of $66,400,000 closed on January 12, 2018 following regulatory and shareholder approvals, as applicable, under Canadian securities law.

The Company records the Preferred Shares wholly as equity under ASC 480, with no bifurcation of conversion feature from the host contract, given that the Preferred Shares cannot be cash settled and the redemption features are within the Company's control, which include a fixed conversion ratio with predetermined timing and proceeds. The Company accrues for the 8.75% per annum compounding coupon at each reporting period end date as an increase to preferred share capital, and an increase to deficit (see statement of stockholder's equity).

6. Accounts payable and accrued liabilities

Accounts payable and accrued liabilities are comprised of the following, in thousands:

		March 31, 2018		December 31, 2017
Trade accounts payable	**$**	**943**	$	1,987
Research and development accruals		**3,683**		4,937
Professional fee accruals		**1,222**		429
Deferred lease inducements		**97**		42
Payroll accruals		**192**		2,893
Other accrued liabilities		**322**		358
	$	**6,459**	$	10,646

7. Loan payable

On December 27, 2016, the Company obtained a three-year loan of $12,001,000 from Wells Fargo in the form of a promissory note for the purpose of financing its operations, including the expansion of laboratory facilities for its U.S. operations. The loan accrued interest daily. The variable component is the one-month London Interbank Offered Rate (LIBOR), and a margin of 1.25% per annum. The carrying value of the loan is recorded at the principal plus any accrued interest not yet paid. The loan was due on December 27, 2019.

The loan was secured by the Company's cash of $12,601,000, and is restricted from use until the loan has been settled in full. The Company invested the restricted cash in a two-year fixed certificate of deposit with Wells Fargo (see note 2).

In March 2018, the Company repaid the loan and accrued interest in full, resulting in the release of $12,601,000 from restricted cash to short-term investments on the Company's balance sheet for the period ended March 31, 2018.

8. Site consolidation

On February 8, 2018, the Company announced a site consolidation and organizational restructuring to align its HBV business in Warminster, PA, by reducing its global workforce by approximately 35% and by closing its Burnaby facility. In March 2018, the Company began executing its site consolidation plan and began to incur related costs.

Included in the site consolidation plan is the payment of one-time employee termination benefits, employee relocation costs, and site closure costs, which is expected to be primarily paid in cash in the second quarter of 2018.

The Company accounts for site consolidation expense in accordance with ASC 420, *Exit or Disposal Cost Obligations*. ASC 420 specifies that a liability for a cost associated with an exit or disposal activity be recognized when the liability is incurred, except for a liability where employees are required to render service until they are terminated in order to receive termination benefits and will be retained to render service beyond the minimum retention period. A liability for such one-time termination benefits shall be measured initially at the communication date based on the fair value of the liability as of the termination date and recognized rateably over the future service period.

The Company estimates that the total expenses to complete the site consolidation will be approximately $5,000,000.

The following table shows expenses recorded in the three months ended March 31, 2018 and the liability as at March 31, 2018.

Description of expense	Three months ended March 31, 2018
Employee severance	1,381
Employee relocation	240
Lease and facility	—
Total site consolidation	1,621
Paid up to March 31, 2018	592
Accrual at March 31, 2018	1,029

9. Contingencies and commitments

Product development partnership with the Canadian Government

The Company entered into a Technology Partnerships Canada ("TPC") agreement with the Canadian Federal Government on November 12, 1999. Under this agreement, TPC agreed to fund 27% of the costs incurred by the Company, prior to March 31, 2004, in the development of certain oligonucleotide product candidates up to a maximum contribution from TPC of $7,179,000 (C$9,256,000). As at March 31, 2018, a cumulative contribution of $2,871,000 (C$3,702,000) had been received and the Company does not expect any further funding under this agreement. In return for the funding provided by TPC, the Company agreed to pay royalties on the share of future licensing and product revenue, if any, that are received by the Company on certain non-siRNA oligonucleotide product candidates covered by the funding under the agreement. These royalties are payable until a certain cumulative payment amount is achieved or until a pre-specified date. In addition, until a cumulative amount equal to the funding actually received under the agreement has been paid to TPC, the Company agreed to pay 2.5% royalties on any royalties the Company receives for Marqibo. For the three months ended March 31, 2018, the Company earned royalties on Marqibo sales in the amount of $22,000 (March 31, 2017 – $54,000) (see note 4(c)), resulting in $1,000 being recorded by the Company as royalty payable to TPC (March 31, 2017 -$1,000). The cumulative amount paid or accrued up to March 31, 2018 was $23,000, therefore the remaining contingent amount due to TPC is $2,849,000 (C$3,673,000).

Arbitration with the University of British Columbia (“UBC”)

Certain early work on lipid nanoparticle delivery systems and related inventions was undertaken at the Company and assigned to the University of British Columbia (UBC). These inventions are licensed to the Company by UBC under a license agreement, initially entered in 1998 as amended in 2001, 2006 and 2007. The Company has granted sublicenses under the UBC license to Alnylam. Alnylam has in turn sublicensed back to the Company under the licensed UBC patents for discovery, development and commercialization of siRNA products. Certain sublicenses to other parties were also granted.

On November 10, 2014, UBC filed a notice of arbitration against the Company and on January 16, 2015, filed a Statement of Claim, which alleges entitlement to $3,500,000 in allegedly unpaid royalties based on publicly available information, and an unspecified amount based on non-public information. UBC also seeks interest and costs, including legal fees. The Company filed its Statement of Defense to UBC's Statement of Claims, as well as filed a Counterclaim involving a patent application that Arbutus alleges UBC wrongly licensed to a third party rather than to Arbutus. The proceedings have been divided into three phases, with a first hearing that took place in June 2017. The arbitrator determined in the first phase which agreements are sublicense agreements within UBC's claim, and which are not. No finding was made as to whether any licensing fees are due to UBC under these agreements; this will be the subject of the second phase of arbitration. A schedule for the remaining phases has not yet been set. Arbitration and related matters are costly and may divert the attention of the Company’s management and other resources that would otherwise be engaged in other activities. The Company continues to dispute UBC's allegations, and seeks license payments for said application, and an exclusive worldwide license to said application. However, the Company notes that arbitration is subject to inherent uncertainty and an arbitrator could rule against the Company. The Company has not recorded an estimate of the possible loss associated with this arbitration, due to the uncertainties related to both the likelihood and amount of any possible loss or range of loss. Costs related to the arbitration are recorded by the Company as incurred.

Contingent consideration from Arbutus Inc. acquisition of Enantigen and License Agreements between Enantigen and the Baruch S. Blumberg Institute ("Blumberg") and Drexel University ("Drexel")

In October 2014, Arbutus Inc. acquired all of the outstanding shares of Enantigen pursuant to a stock purchase agreement. Through this transaction, Arbutus Inc. acquired a HBV surface antigen secretion inhibitor program and a capsid assembly inhibitor program, each of which are now assets of the Company, following the Company's merger with Arbutus Inc.

Under the stock purchase agreement, Arbutus Inc. agreed to pay up to a total of $21,000,000 to Enantigen's selling stockholders upon the achievement of certain triggering events related to Enantigen's two programs in pre-clinical development related to HBV therapies. The first triggering event is the enrollment of the first patient in a Phase 1b clinical trial in HBV patients, which the Company believes is likely to occur in the next twelve-month period.

The regulatory, development and sales milestone payments had an initial estimated fair value of approximately $6,727,000 as at the date of acquisition of Arbutus Inc., and have been treated as contingent consideration payable in the purchase price allocation, based on information available at the date of acquisition, using a probability weighted assessment of the likelihood the milestones would be met and the estimated timing of such payments, and then the potential contingent payments were discounted to their present value using a probability adjusted discount rate that reflects the early stage nature of the development program, time to complete the program development, and market comparative data.

Contingent consideration is recorded as a financial liability, and measured at its fair value at each reporting date, based on an updated consideration of the probability-weighted assessment of expected milestone timing, with any changes in fair value from the previous reporting date recorded in the statement of operations and comprehensive loss (see note 2).

Blumberg and Drexel

In February 2014, Arbutus Inc. entered into a license agreement with Blumberg and Drexel that granted Arbutus Inc. an exclusive, worldwide, sub-licensable license to three different compound series: cccDNA inhibitors, capsid assembly inhibitors and HCC inhibitors.

In partial consideration for this license, Arbutus Inc. paid a license initiation fee of $150,000 and issued warrants to Blumberg and Drexel. The warrants were exercised in 2014. Under this license agreement, Arbutus Inc. also agreed to pay up to $3,500,000 in development and regulatory milestones per licensed compound series, up to $92,500,000 in sales performance milestones per licensed product, and royalties in the mid-single digits based upon the proportionate net sales of licensed products in any commercialized combination. The Company is obligated to pay Blumberg and Drexel a double digit percentage of all amounts received from the sub-licensees, subject to customary exclusions.

In November 2014, Arbutus Inc. entered into an additional license agreement with Blumberg and Drexel pursuant to which it received an exclusive, worldwide, sub-licensable license under specified patents and know-how controlled by Blumberg and Drexel covering epigenetic modifiers of cccDNA and STING agonists. In consideration for these exclusive licenses, Arbutus Inc. made an upfront payment of $50,000. Under this agreement, the Company is required to pay up to $1,200,000 for each licensed product upon the achievement of a specified regulatory milestone and a low single digit royalty, based upon the proportionate net sales of compounds covered by this intellectual property in any commercialized combination. The Company is also obligated to pay Blumberg and Drexel a double digit percentage of all amounts received from its sub-licensees, subject to exclusions.

Research Collaboration and Funding Agreement with Blumberg

In October 2014, Arbutus Inc. entered into a research collaboration and funding agreement with Blumberg under which the Company will provide $1,000,000 per year of research funding for three years, renewable at the Company's option for an additional three years, for Blumberg to conduct research projects in HBV and liver cancer pursuant to a research plan to be agreed upon by the parties. Blumberg has exclusivity obligations to Arbutus with respect to HBV research funded under the agreement. In addition, the Company has the right to match any third party offer to fund HBV research that falls outside the scope of the research being funded under the agreement. Blumberg has granted the Company the right to obtain an exclusive, royalty bearing, worldwide license to any intellectual property generated by any funded research project. If the Company elects to exercise its right to obtain such a license, the Company will have a specified period of time to negotiate and enter into a mutually agreeable license agreement with Blumberg. This license agreement will include the following pre-negotiated upfront, milestone and royalty payments: an upfront payment in the amount of $100,000; up to $8,100,000 upon the achievement of specified development and regulatory milestones; up to $92,500,000 upon the achievement of specified commercialization milestones; and royalties at a low single to mid-single digit rates based upon the proportionate net sales of licensed products from any commercialized combination.

On June 5, 2016, the Company and Blumberg entered into an amended and restated research collaboration and funding agreement, primarily to: (i) increase the annual funding amount to Blumberg from $1,000,000 to $1,100,000; (ii) extend the initial term through to October 29, 2018; (iii) provide an option for the Company to extend the term past October 29, 2018 for two additional one year terms; and (iv) expand our exclusive license under the Agreement to include the sole and exclusive right to obtain and exclusive, royalty-bearing, worldwide and all-fields license under Blumberg's rights in certain other inventions described in the agreement.

10. Concentrations of credit risk

Credit risk is defined by the Company as an unexpected loss in cash and earnings if a collaborative partner is unable to pay its obligations on a timely basis. The Company's main source of credit risk is related to its accounts receivable balance which principally represents temporary financing provided to collaborative partners in the normal course of operations.

The Company does not currently maintain a provision for bad debts as the majority of accounts receivable are from collaborative partners or government agencies and are considered low risk.

The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk at March 31, 2018 was the accounts receivable balance of $719,000 (December 31, 2017 - $402,000).

All accounts receivable balances were current at March 31, 2018 and at December 31, 2017.

11. Subsequent event

Arbutus and Roivant launch Genevant Sciences Corporation ("Genevant")

On April 11, 2018, the Company announced that it had entered into an agreement with Roivant to launch Genevant, a jointly-owned company focused on the discovery, development, and commercialization of a broad range of RNA-based therapeutics enabled by Arbutus' proprietary lipid nanoparticle (LNP) and ligand conjugate delivery technologies.

Under the terms of the agreement, the Company will license exclusive rights to its LNP and ligand conjugate delivery platforms to Genevant for RNA-based applications outside of HBV, and Roivant will contribute $37,500,000 in transaction-related seed capital for Genevant in exchange for which each party will initially have a 50% ownership interest in Genevant. Roivant's contribution consists of an initial capital contribution of $22,500,000, and a commitment to contribute a further $15,000,000 at a pre-determined, stepped-up valuation. The Company will retain all rights to the LNP and conjugate delivery platforms for HBV, and will be entitled to a tiered royalty from Genevant on future sales of products enabled by those delivery platforms. The Company will also retain the entirety of its royalty entitlement on the commercialization of Alnylam's patisiran. Refer to Part I, Item 2, "Management's Discussion and Analysis of Financial Condition and Results of Operations - Overview" for additional information.

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

You should read the following discussion and analysis by our management of our financial position and results of operations in conjunction with our audited consolidated financial statements and related notes thereto included as part of our Annual Report on Form 10-K for the year ended December 31, 2017. Our consolidated financial statements have been prepared in accordance with U.S. generally accepted accounting principles and are presented in U.S. dollars.

FORWARD-LOOKING STATEMENTS

The information in this report contains forward-looking statements within the meaning of the Section 27A of the Securities Act of 1933 and Section 21E of the Securities Exchange Act of 1934, and forward looking information within the meaning of Canadian securities laws (collectively, "forward-looking statements"). Forward-looking statements in this report include statements about our strategy, future operations, clinical trials, prospects and the plans of management; the discovery, development and commercialization of a cure for HBV; our beliefs and development path and strategy to achieve a cure for HBV; obtaining necessary regulatory approvals; obtaining adequate financing through a combination of financing activities and operations; the possibility of receiving total milestone payments of up to $18,000,000 on Alocrest and Brakiva; the payment of one-time employee termination benefits, employee relocation costs, and site closure costs, totalling approximately $5,000,000, to be primarily paid in cash in the second quarter of 2018; the expected timing of certain triggering events for payments by Arbutus Inc. related to Enantigen's programs; the execution of the terms of the agreement with Roivant to launch Genevant; the potential of our LNP platform to provide royalties and significant additional capital to fund development of our many HBV assets; developing a suite of products that intervene at different points in the viral life cycle, with the potential to reactivate the host immune system; using preclinical results to adaptively design clinical studies for additional cohorts of patients, testing the combination and the duration of therapy; evaluating different treatment durations to determine the optimal finite duration of therapy; selecting combination therapy regimens and treatment durations to conduct Phase III clinical trials intended to ultimately support regulatory filings for marketing approval; approval for a single product from our pipeline by combining with available agents to improve upon the cure rate with the current standard of care; expanding our HBV drug candidate pipeline through internal development, acquisitions and in-licenses; interim results from a 30-week Phase II study of ARB-1467 in combination with tenofovir and pegylated interferon expected in the second half of 2018, followed by final results in 2019; continuing to focus on rapidly advancing AB-506 into clinical testing before proceeding with additional clinical evaluation of AB-423; an IND (or equivalent) filing for AB-506 in mid-2018; an IND (or equivalent) filing for AB-452 in mid-2018, with the potential to be a 'best-in-class' capsid inhibitor and once-daily oral dosing;the potential for once daily, oral dosing of AB-452, along with an IND/CTA filing in 2018; presenting results of additional preclinical studies in 2018; an IND/CTA filing in 2019 for AB-729; possible low to mid-single-digit royalty payments escalating based on sales performance as Alnylam's LNP-enabled products, including patisiran, are commercialized; payments from the Gritstone licensing agreement; retaining all rights to our LNP and conjugate delivery platforms for HBV, with an entitlement to a tiered royalty from Genevant on future sales of products enabled by those delivery platforms; the members of Genevant's executive team; the expectation for organizational changes to result in increased efficiency, a more flexible variable cost structure, and additional preservation of our cash reserves; reducing our global workforce by approximately 35% and closing our Burnaby, BC facility during the second quarter of 2018; the belief that current legal proceedings will not have a material adverse effect on our consolidated results of operations, cash flows, or financial condition; the expected return from strategic alliances, licensing agreements, and research collaborations; statements with respect to revenue and expense fluctuation and guidance; having sufficient cash resources to fund our operations for at least the next 12 months; obtaining funding to maintain and advance our business from a variety of sources including public or private equity or debt financing, collaborative arrangements with pharmaceutical companies and government grants and contracts; and the quantum and timing of potential funding.

With respect to the forward-looking statements contained in this report, we have made numerous assumptions regarding, among other things: LNP's status as a leading RNAi delivery technology; our research and development capabilities and resources; the effectiveness of our products as a treatment for chronic HBV infection or other diseases; continued positive results from pre-clinical and clinical trials; the timing and quantum of payments to be received under contracts with our partners; assumptions related to our share price volatility, expected lives of warrants, and warrant issuances and/or exercises; and our financial position and its ability to execute our business strategy. While we consider these assumptions to be reasonable, these assumptions are inherently subject to significant business, economic, competitive, market and social uncertainties and contingencies.

Our actual results could differ materially from those discussed in the forward-looking statements as a result of a number of important factors, including the risk factors discussed in this report and the risk factors discussed in our Annual Report on Form 10-K under the heading "Risk Factors," and the risks discussed in our other filings with the Securities and Exchange Commission and Canadian Securities Regulators. Readers are cautioned not to place undue reliance on these forward-looking statements, which reflect management's analysis, judgment, belief or expectation only as of the date hereof. All forward-looking statements herein

are qualified in their entirety by this cautionary statement, and we explicitly disclaim any obligation to revise or update any such forward-looking statements or to publicly announce the result of any revisions to any of the forward-looking statements contained herein to reflect future results, events or developments, except as required by law.

OVERVIEW

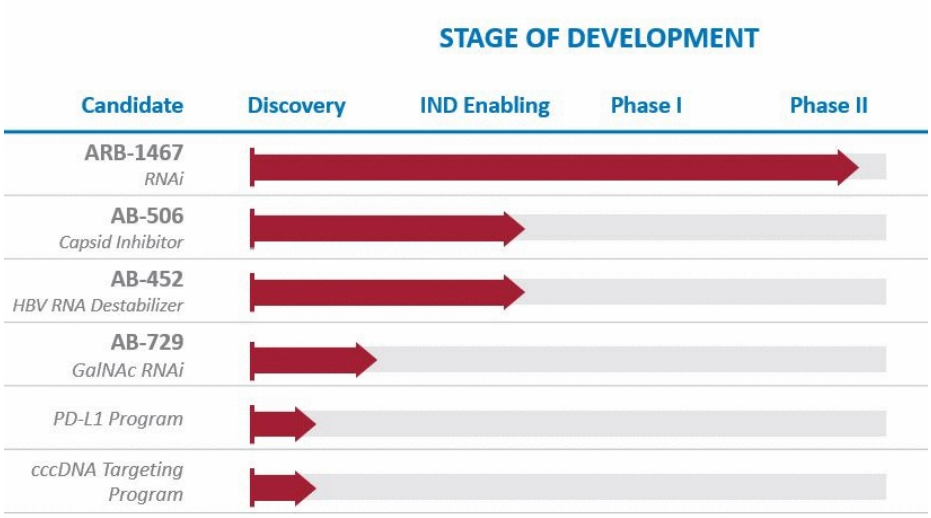
Arbutus Biopharma Corporation ("Arbutus", the "Company", "we", "us", and "our") is a publicly traded (Nasdaq Global Market: ABUS) industry-leading therapeutic solutions company dedicated to discovering, developing, and commercializing a cure for patients suffering from chronic Hepatitis B Virus (HBV) infection. HBV represents a significant, global unmet medical need and is the cause of the most common serious liver infection in the world. The World Health Organization (WHO) estimates that approximately 300 million people worldwide are chronically infected (WHO, 2017), and other estimates suggest this could include approximately 2 million people in the United States (Kowdley et al., 2012).

To pursue our strategy of developing a curative combination regimen for chronic HBV, we have assembled a robust pipeline consisting of multiple drug candidates with differing but complementary mechanisms of action (MOA), each of which have the potential to improve upon the standard of care and contribute to curative combination treatment regimen. In addition to our HBV pipeline, we have a lipid nanoparticle delivery (LNP) platform with broad applications that extend beyond HBV that we have licensed to Genevant Sciences (Genevant), in which Arbutus initially holds a 50% ownership interest. Related to the LNP platform, we retain a royalty entitlement on a drug that may be approved later in 2018. These assets have the potential to provide significant additional capital to fund development of our many HBV assets.

HBV Product Pipeline

Our product pipeline, like our business, is focused on finding a cure for chronic HBV infection, with the objective of developing a suite of products that intervene at different points in the viral life cycle, and have the potential to reactivate the host immune system. We are conducting preclinical combination studies to evaluate combinations of our proprietary pipeline candidates with HBV SOC therapies and with our own proprietary assets. These results support the design and execution of drug combination studies in cohorts of patients with chronic HBV infection. We expect to use these results to adaptively design clinical studies for additional cohorts of patients, testing the combination and the duration of therapy. We plan to continue this process to select a regimen to conduct Phase III clinical trials intended to ultimately support regulatory filings for marketing approval.

Our very broad pipeline of HBV product candidates includes ARB-1467 (RNAi); AB-506 (capsid inhibitor); AB-452 (HBV RNA destabilizer); AB-729 (GalNAc RNAi), and multiple preclinical agents in development with novel mechanisms of action (MOA).



We continue to expand our HBV pipeline through internal discovery and development and possibly acquisitions and in-licenses. We also have a research collaboration agreement with the Baruch S. Blumberg Institute that provides exclusive rights to in-license any intellectual property generated through the collaboration.

RNAi (ARB-1467)

Our lead RNA interference (RNAi) HBV candidate, ARB-1467, is designed to reduce Hepatitis B surface antigen (HBsAg) expression in patients chronically infected with HBV. Reducing HBsAg is thought to be a key prerequisite to enable a patient's immune system to raise an adequate immune response against the virus. The ability of ARB-1467 to inhibit numerous viral elements in addition to HBsAg increases the likelihood of affecting the viral infection.

ARB-1467 is a multi-component RNAi therapeutic that simultaneously targets three sites on the HBV genome, including the HBsAg coding region. Targeting three distinct and highly conserved sites on the HBV genome is intended to facilitate potent knockdown of all viral mRNA transcripts and viral antigens across a broad range of HBV genotypes and lower the risk of developing antiviral resistance. In preclinical models, ARB-1467 treatment results in reductions in intrahepatic and serum HBsAg, HBV DNA, covalently closed circular DNA (cccDNA), Hepatitis B e antigen (HBeAg) and Hepatitis B c antigen (HBcAg). ARB-1467 was evaluated in a Phase I Single Ascending Dose (SAD) trial designed to assess the safety, tolerability, and pharmacokinetics of intravenous administration of the product in healthy adult subjects. In the Phase I SAD study, dosing healthy volunteer subjects was well-tolerated to a dose of 0.4 mg/kg but a maximum tolerated dose was not reached.

The Phase II trial was a multi-dose study in virally suppressed (NA therapy) patients with chronic HBV. The study enrolled 4 cohorts and explored two doses of ARB-1467 (0.2 and 0.4 mg/kg) at two dose frequencies (monthly and bi-weekly) in two patient populations (HBeAg-negative and positive patients). Cohorts 1, 2, and 4 enrolled HBeAg- patients and Cohort 3 enrolled HBeAg+ patients. The first three cohorts each enrolled eight subjects; six received three monthly doses of ARB-1467, and two received placebo. Cohort 4 enrolled twelve patients, all of whom received five bi-weekly doses of ARB-1467, followed by monthly dosing if pre-defined criteria were met. ARB-1467 was administered at 0.2 mg/kg in Cohort 1 and 0.4 mg/kg in Cohorts 2, 3, and 4. Overall, treatment was well tolerated across all cohorts (Cohorts 1, 2, 3, and 4).

Results from monthly doses in Cohorts 1, 2 and 3 demonstrated a significant reduction in serum HBsAg and a step-wise, additive reduction in serum HBsAg with each subsequent dose. The HBsAg reduction achieved after three monthly doses of 0.4mg/kg in Cohort 2 was greater than that seen at 0.2 mg/kg in Cohort 1, demonstrating a dose-response with repeat dosing. We observed no significant differences in serum HBsAg reductions between HBeAg-negative and HBeAg-positive patients. In Cohort 4, five doses of ARB-1467 were administered on a bi-weekly dosing schedule. Results after 5 doses of bi-weekly administration demonstrated a deeper reduction in HBsAg levels compared to the results observed during the monthly administration, with a mean reduction of 1.4 $\log_{10}$ and a maximum reduction of 2.7 $\log_{10}$. Seven of the twelve patients met the predefined response criteria (a reduction greater than 1 $\log_{10}$ and HBsAg levels < 1000 IU/ml) at or before day 71. Five of the seven patients who met the response criteria had their serum HBsAg reduced to low absolute levels (below 50 IU/mL). Results for the extension suggested that monthly dosing was not sufficient to maintain or improve upon these reductions in HBsAg levels, thus new studies exploring prolonged bi-weekly administration of ARB-1467 have been initiated.

We have initiated a triple combination study of our RNAi agent ARB-1467 with tenofovir (TDF) and pegylated interferon (PegIFN) therapy to determine if this regimen will result in patients reaching undetectable HBV DNA and HBsAg levels. The Phase II combination trial is a 30-week multi-dose study in 20 HBV DNA -positive, HBeAg-negative, treatment naïve, patients who will receive bi-weekly doses of ARB-1467 at 0.4 mg/kg and daily oral TDF doses for 30 weeks. Those patients who reach predetermined criteria 6 weeks will qualify for the addition of weekly PegIFN treatment, while continuing to receive bi-weekly doses of ARB-1467 and daily doses of TDF for the remaining 24 weeks. Patients will be followed for 24 weeks after the treatment period concludes. Interim on-treatment results from this trial are expected in the second half of 2018, followed by final results in 2019.

Capsid Inhibitors (AB-506 & AB-423)

HBV core protein, or capsid, is required for viral replication and core protein may have additional roles in cccDNA function. Current NA therapy significantly reduces HBV DNA levels in the serum but HBV replication continues in the liver, thereby enabling HBV infection to persist. Effective therapy for patients requires new agents which will effectively block viral replication. We are developing core protein inhibitors (also known as capsid assembly inhibitors) as oral therapeutics for the treatment of chronic HBV infection. By inhibiting assembly of the viral capsid, the ability of HBV to replicate is impaired, resulting in reduced cccDNA.

AB-423 was our first-generation capsid inhibitor candidate, which was evaluated in a Phase I SAD and Multiple Ascending Dose (MAD) trial designed to assess the safety, tolerability, and pharmacokinetics (PK) of oral administration of the product in healthy volunteers. AB-423 was well-tolerated with no serious adverse events following single doses up to 800 mg. Multiple doses up to 400 mg twice daily were also well tolerated.

In addition to AB-423, our capsid inhibitor discovery effort generated promising back-up compounds in 2017, which led to the nomination of a next-generation capsid inhibitor AB-506 for Investigational New Drug (IND)/Clinical Trial Authorization (CTA)-enabling studies. AB-506 is an orally administered, highly selective capsid inhibitor that has shown striking potency and improved PK in preclinical studies. We presented these preclinical data at AASLD annual meeting in October 2017 in a presentation titled, "Antiviral Characterization of a Next Generation Chemical Series of HBV Capsid Inhibitors In Vitro and In Vivo," which showed potent inhibition of HBV replication and pgRNA encapsidation, an accelerated rate of capsid assembly, and binding to the HBV core protein at the dimer:dimer interface that indicates improved target engagement compared to first generation capsid inhibitors.

We will continue to focus on rapidly advancing AB-506 into clinical testing before proceeding with additional clinical evaluation of AB-423. We plan to file an IND/CTA in mid-2018 (pending successful IND/CTA-enabling studies) for AB-506, which has the potential to be a 'best-in-class' capsid inhibitor based on its favorable drug-like properties and potent inhibition of HBV replication. This molecule has the potential for once-daily oral dosing, making it an ideal candidate for inclusion in a combination regimen.

We evaluated the anti-HBV activities of two novel orally administered agents, an HBV capsid inhibitor AB-506 and an HBV RNA destabilizer AB-452, in combination with approved SOC therapies: NA, entecavir (ETV), tenofovir disproxil fumarate (TDF), tenofovir alafenamide (TAF), as well as with our lead RNAi agent, ARB-1467. The in vitro dual combinations of AB-506 or AB-452 with approved NAs or ARB-1467 ranged from additive to moderately synergistic at reducing HBV rcDNA and HBsAg levels with no significant effects on cell viability.

HBV RNA Destabilizer (AB-452)

One of our most advanced preclinical programs is an HBV RNA Destabilizer, AB-452 (formerly known as our oral HBsAg inhibitor program), which has novel activity in destabilizing HBV RNA, broad activity against HBV RNAs, and reduces HBsAg. This molecule has the potential for once daily, oral dosing. We presented these preclinical data at AASLD annual meeting in October 2017 in a presentation titled, "Identification and Characterization of AB-452, a Potent Small Molecule HBV RNA Destabilizer In Vitro and In Vivo," which showed that AB-452 has shown synergistic effects when combined with two of our proprietary HBV RNAi agents in vitro. In vivo, twice-a-day oral administration of AB-452 resulted in up to 1.4 $\log_{10}$ reduction of serum HBsAg in a dose dependent manner and correlated well with liver HBV RNA levels. When combined, our capsid inhibitor AB-506 and HBV RNA destabilizer AB-452 show distinct but mechanistically compatible antiviral activities that suggest feasibility of inclusion in a clinical combination regimen. Pending successful IND/CTA-enabling studies, this product candidate could be the subject of an IND/CTA filing in 2018.

We also evaluated the anti-HBV activities of AB-506 and AB-452 in combination with approved SOC therapies: NA, entecavir (ETV), tenofovir disoproxil fumarate (TDF), tenofovir alafenamide (TAF), and our lead RNAi agent, ARB-1467. The in vitro dual combinations of AB-506 or AB-452 with approved NAs or ARB-1467 ranged from additive to moderately synergistic at reducing HBV rcDNA and HBsAg levels with no significant effects on cell viability. Results of additional preclinical studies will be presented in 2018.

GalNAc RNAi (AB-729)

We recently nominated for development a next-generation RNAi therapeutic, AB-729, targeted to hepatocytes using our novel covalently conjugated N-acetylgalactosamine (GalNAc) delivery technology to enable subcutaneous delivery. This is a promising new agent that acts on multiple HBV viral transcripts, enabling inhibition of viral replication and suppression of all viral antigens. AB-729 showed more durable in vivo preclinical activity than earlier-generation RNAi agents for the treatment of chronic HBV infection. We observed a significant dose response, and a stepwise reduction in viral proteins when multi-dosing. Pending successful IND/CTA-enabling studies, this product candidate could be the subject of an IND/CTA filing in 2019.

Additional Research Programs

In addition to our clinical candidates, we have a number of research programs aimed at discovery and development of proprietary HBV candidates with different and complementary MOAs. We have ongoing discovery efforts focused on cccDNA targeting and checkpoint inhibition.

Our Proprietary Delivery Technology

Development of RNAi therapeutic products is currently limited by the instability of the RNAi trigger molecules in the bloodstream and the inability of these molecules to access target cells or tissues following administration. Delivery technology is necessary to protect these drugs in the bloodstream to allow efficient delivery and cellular uptake by the target cells. Arbutus has developed a proprietary delivery LNP platform. The broad applicability of this platform to RNAi development has established Arbutus as a leader in this new area of innovative medicine.

Our proprietary LNP delivery technology allows for the successful encapsulation of RNAi trigger molecules in LNP administered intravenously, which travel through the bloodstream to target tissues or disease sites. LNPs are designed to protect the triggers, and stay in the circulation long enough to accumulate at disease sites, such as the liver or cancerous tumors. LNPs are then taken up into the target cells by a process called endocytosis. Subsequent activation by the changing environment inside the cell causes the LNP to release the trigger molecules, which can then successfully enable nucleic acid-based therapies.

Ongoing Advancements in LNP Technology

Our LNP technology represents the most widely adopted delivery technology in RNAi, which has enabled several clinical trials and has been administered to hundreds of human subjects. We are the leaders in LNP delivery and hold a dominant intellectual property position in this field. We have applied our extensive technical expertise and clinical experience gained from our LNP-based programs to further advance our platform technology and its broad application to mRNA delivery.

We have generated value from our LNP platform technology, which is well suited to deliver therapies based on RNAi, mRNA, and gene editing constructs. We have also made progress in developing a proprietary GalNAc conjugate technology to enable subcutaneous delivery of an RNAi therapeutic targeting HBsAg and/or other HBV targets.

In April 2018, we entered into an agreement with Roivant Sciences (Roivant) to launch Genevant Sciences (Genevant), a jointly-owned company focused on the discovery, development, and commercialization of a broad range of RNA-based therapeutics enabled by our proprietary lipid nanoparticle (LNP) and ligand (GalNAc) conjugate delivery technologies (collectively, the Delivery Technologies) for all applications except HBV. See further discussion under Recent Developments below.

Partner Programs

Patisiran (ALN-TTR02)

Alnylam Pharmaceuticals, Inc., or Alnylam (Nasdaq: ALNY), has a license to use our intellectual property to develop and commercialize products and may only grant access to our LNP technology to its partners if it is part of a product sublicense. Alnylam's license rights are limited to patents that we have filed, or that claim priority to a patent that was filed, before April 15, 2010. Alnylam's patisiran (ALN-TTR02) program represents the most clinically advanced application of our LNP delivery technology, and results demonstrate that our LNP has been well tolerated and efficacy maintained with long-term (>36 months) treatment.

Patisiran is Alnylam`s most clinically advanced RNAi therapeutic in development, targeting transthyretin (TTR) for the treatment of TTR-mediated amyloidosis (ATTR). In September 2017, Alnylam successfully completed its APOLLO Phase III clinical trial of LNP-enabled patisiran, which initiated in November 2013. Results showed that patisiran met its primary efficacy endpoint and all secondary endpoints in this trial. As a result, Alnylam completed a New Drug Application (NDA) to the U.S. Food and Drug Administration (FDA) and a Marketing Authorisation Application (MAA) to the European Medicines Agency (EMA) for patisiran. Alnylam has estimated that first regulatory approval may be obtained in the second half of 2018. We retain full rights to royalties on patisiran global sales and are entitled to low-to-mid single-digit royalty payments escalating based on sales performance as Alnylam's LNP-enabled products are commercialized, therefore we could receive our first royalty payments in the second half of 2018.

Gritstone Oncology

In October 2017, we entered into a license agreement with Gritstone Oncology (Gritstone) that granted them worldwide access to our portfolio of proprietary and clinically validated LNP products and associated intellectual property to deliver Gritstone's RNA-based neoantigen immunotherapy products. Gritstone paid us an upfront payment and agreed to future payments for achievement of development, regulatory, and commercial milestones as well as royalties, and reimbursements for conducting technology development, manufacturing and regulatory support for Gritstone's product candidates. Genevant will be entitled to 50% of any milestones and royalties that may be payable by Gritstone.

Marqibo®

Marqibo, originally developed by Arbutus, is a novel, sphingomyelin/cholesterol liposome-encapsulated formulation of the FDA-approved anticancer drug vincristine. Marqibo's approved indication is for the treatment of adult patients with Philadelphia chromosome-negative acute lymphoblastic leukemia (Ph-ALL) in second or greater relapse or whose disease has progressed following two or more lines of anti-leukemia therapy. Our licensee, Spectrum Pharmaceuticals, Inc. (Spectrum), launched Marqibo through its existing hematology sales force in the United States. Spectrum has ongoing trials evaluating Marqibo in three additional indications, which are: first line use in patients with Philadelphia Negative Acute Lymphoblastic Leukemia (Ph-ALL), Pediatric ALL and Non-Hodgkin's lymphoma. We are receiving mid-single digit royalty payments on sales of Marqibo.

Recent Developments

Genevant Sciences

In April 2018, we entered into an agreement with Roivant to launch Genevant, a jointly-owned company focused on the discovery, development, and commercialization of a broad range of RNA-based therapeutics enabled by our proprietary Delivery Technologies. We have licensed exclusive rights to our LNP and ligand conjugate delivery platforms to Genevant for RNA-based applications outside of HBV. Genevant plans to develop products in-house and pursue industry partnerships to build a diverse pipeline of therapeutics across multiple modalities, including RNAi, mRNA, and gene editing.

Under the terms of the agreement, Roivant will contribute $37.5 million in transaction-related seed capital for Genevant, consisting of an initial $22.5 million and a subsequent investment of $15 million at a pre-determined, stepped-up valuation. We will retain all rights to our LNP and conjugate delivery platforms for HBV, and will be entitled to a tiered royalty from Genevant on future sales of products enabled by those delivery platforms. We will also retain the entirety of our royalty entitlement on the commercialization of Alnylam's patisiran.

Genevant will be led by Executive Chairman Paris Panayiotopoulos, former CEO of ARIAD Pharmaceuticals, accompanied by a management team of RNA experts like Dr. Bo Rode Hansen as President, Chief Scientific Officer, and Head of R&D; Dr. Peter Lutwyche as Chief Technology Officer; Dr. Konstantin Linnik as General Counsel; Dr. James Heyes as Senior VP; and a scientific team with decades of RNA development experience.

Acuitas Therapeutics Inc.

In accordance with a settlement agreement signed in November 2012, we finalized and entered a cross-license agreement with Acuitas Therapeutics Inc. (Acuitas) in December 2013. The terms of the cross-license agreement provided Acuitas with access to certain of our earlier IP generated prior to mid-April 2010 in the fields of gene replacement therapy and antisense. Acuitas was only able to grant access to our LNP technology to its partners if it is part of a product sublicense. At the same time, the terms provided us with certain access to Acuitas' technology and licenses in the RNAi field, along with a percentage of each milestone and royalty payment with respect to certain products. Acuitas had agreed that it would not compete in the RNAi field for a period of five years, ending in November 2017. Arbutus considered Acuitas to be in material breach of their cross-license agreement and provided notice to Acuitas in August 2016 to terminate the cross license agreement, resulting in litigation between the two parties. In February 2018, Arbutus and Acuitas reached a settlement terminating Acuitas' right to further use or sublicense Arbutus' LNP technology. Please refer to "Item 1. Legal Proceedings" for additional information.

Site Consolidation

In February 2018, we announced a site consolidation and organizational restructuring to better align our HBV business in Warminster, PA. These organizational changes are expected to result in increased efficiency, a more flexible variable cost structure, and additional preservation of our cash reserves. To achieve this alignment, during the second quarter of 2018 we will reduce our global workforce by approximately 35% and close our Burnaby, BC facility. For further detail, refer to note 8 "Site Consolidation" in the condensed consolidated financial statements in Part I.

CRITICAL ACCOUNTING POLICIES AND ESTIMATES

Site consolidation expense / We account for site consolidation expense in accordance with ASC 420, *Exit or Disposal Cost Obligations*. ASC 420 specifies that a liability for a cost associated with an exit or disposal activity be recognized when the liability is incurred, except for a liability where employees are required to render service until they are terminated in order to receive termination benefits and will be retained to render service beyond the minimum retention period. A liability for such one-time termination benefits shall be measured initially at the communication date based on the fair value of the liability as of the termination date and recognized rateably over the future service period.

Revenue recognition / We adopted the new revenue standard (Accounting Standards Codification “ASC" 606) effective January 1, 2018, using the modified retrospective method under which previously presented financial statements are not restated and the cumulative effect of adopting the new revenue standard on contracts in process is recognized by an adjustment to retained earnings at the effective date. The adoption of the new revenue standard did not change recognized revenue under our ongoing significant collaborative research and license agreements and no cumulative effect adjustment was required.
The new guidance in ASC 606 requires an entity to recognize the amount of revenue to which it expects to be entitled for the transfer of promised goods or services to customers under a five-step model: (1) identify 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 (5) recognize revenue when or as a performance obligation is satisfied.

We generate revenue primarily through collaboration agreements, which may require delivery of various rights and/or services, including intellectual property rights or licenses and research and development services. Under such collaboration agreements, we are generally eligible to receive non-refundable upfront payments, funding for research and development services, milestone payments, and royalties.

In contracts where more than one performance obligation exists to provide its customer with goods or services, each performance obligation is evaluated to determine whether it is distinct based on whether (i) the customer can benefit from the good or service either on its own or together with other resources that are readily available and (ii) the good or service is separately identifiable from other promises in the contract. The consideration under the contract is then allocated between the distinct performance obligations based on their respective relative stand-alone selling prices. The estimated stand-alone selling price of each deliverable reflects the our best estimate of what the selling price would be if the deliverable was regularly sold on a stand-alone basis and is determined by reference to market rates for the good or service when sold to others or by using an adjusted market assessment approach if selling price on a stand-alone basis is not available.

The consideration allocated to each distinct performance obligation is recognized as revenue when control is transferred to the customer for the related goods or services. Consideration associated with at-risk substantive performance milestones, including sales-based milestones, is recognized as revenue when it is probable that a significant reversal of the cumulative revenue recognized will not occur. Sales-based royalties received in connection with licenses of intellectual property are subject to a specific exception in the revenue standards, whereby the consideration is not included in the transaction price and recognized in revenue until the customer’s subsequent sales or usages occur.

There are no other changes to our critical accounting policies and estimates from those disclosed in our annual MD&A contained in our Annual Report Form 10-K for the year ended December 31, 2017.

RECENT ACCOUNTING PRONOUNCEMENTS

From time to time, new accounting pronouncements are issued by the Financial Accounting Standards Board or other standard setting bodies that are adopted by us as of the specified effective date. Unless otherwise discussed, we believe that the impact of recently issued standards that are not yet effective will not have a material impact on our financial position or results of operations upon adoption.

Please refer to Note 2 to our consolidated financial statements included in Part I, Item 1, "Financial Statements (Unaudited)" of this Quarterly Report on Form 10-Q for a description of recent accounting pronouncements applicable to our business.

RESULTS OF OPERATIONS

The following summarizes the results of our operations for the periods shown, in thousands (except for per share figures):

	Three Months Ended March 31,	
	2018	**2017**
Total revenue	**$ 1,436**	$ 235
Operating expenses	**19,841**	18,534
Loss from operations	**(18,405)**	(18,299)
Net loss	**$ (17,429)**	$ (18,627)
Net loss attributable to common shares	**(19,765)**	$ (18,627)
Basic and diluted loss per common share	**(0.36)**	(0.34)

Revenue / Revenue is summarized in the following table, in thousands:

	Three months ended March 31,			
	2018	**% of Total**	2017	% of Total
Alexion	**$ —**	**—%**	$ 127	54%
Gritstone	**1,150**	**80%**	$ —	—%
Other milestone and royalty payments	**286**	**20%**	108	46%
Total revenue	**$ 1,436**		$ 235	

Revenue contracts are addressed in detail in the Overview section of Part I, Item 2, "Management's Discussion and Analysis of Financial Condition and Results of Operations" above.

Alexion revenue

In March 2017, we signed a License Agreement with Alexion that granted them exclusive use of our proprietary LNP technology in one of Alexion's rare disease programs, and began recognizing a portion of the non-refundable upfront payment and services provided. In July 2017, we received notice of termination from Alexion for our LNP license agreement. The termination was driven by a strategic review of Alexion's business and research and development portfolio, which included a decision to discontinue development of mRNA therapeutics.

Gritstone revenue

On October 16, 2017, we entered into a license agreement with Gritstone that entitles Gritstone to research, develop, manufacture and commercialize products with the Company's LNP technology. In October 2017, we received the upfront license payment, and are eligible to receive further potential payments for development and commercial milestone payments and royalty payments on future product sales. Revenue recognized in the three months ended March 31, 2018 relates to the earned portion of the upfront license fee, as well as services provided to Gritstone.

Other milestone and royalty payments

Under our licensing and collaboration arrangements with Alnylam and Acuitas, we earn licensing fee revenue from Acuitas as well as further potential development and commercial milestones from Alnylam for the use of our LNP technology. Our cross-license agreement with Acuitas has been terminated in accordance with the settlement agreement described under Part II, Item 1, "Legal Proceedings."

In September 2013, Spectrum announced that they had shipped the first commercial orders of Marqibo. We continue to earn royalties on the sales of Marqibo, which uses a license to our technology.

Expenses / Expenses are summarized in the following table, in thousands:

	Three months ended March 31,			
	2018	**% of Total**	2017	% of Total
Research, development, collaborations and contracts	**$ 13,949**	**70%**	$ 13,872	75%
General and administrative	**3,669**	**18%**	4,328	23%
Depreciation	**602**	**3%**	334	2%
Site consolidation charges	**1,621**	**8%**	$ —	—%
Total operating expenses	**$ 19,841**		$ 18,534	

Research, development, collaborations and contracts

Research, development, collaborations and contracts expenses consist primarily of clinical and pre-clinical trial expenses, personnel expenses, consulting and third party expenses, consumables and materials, as well as a portion of stock-based compensation and general overhead costs.

R&D expenses remained consistent in the three months ended March 31, 2018 and March 31, 2017. In Q1 2017, we initiated a Phase 1 clinical trial for AB-423. In Q1 2018 we continued to focus on rapidly advancing AB-506 into clinical testing as it has shown striking potency and improved PK over AB-423 in preclinical studies. We will wait for AB-506 results before deciding whether or not to proceed with additional clinical evaluation of AB-423. We continue to incur costs related to our other programs including efforts towards filing an IND/CTA for AB-452 later this year.

A significant portion of our research, development, collaborations and contracts expenses are not tracked by project as they benefit multiple projects or our technology platform and because our most-advanced programs are not yet in late-stage clinical development. However, our collaboration agreements contain cost-sharing arrangements pursuant to which certain costs incurred under the project are reimbursed. Costs reimbursed under collaborations typically include certain direct external costs and hourly or full-time equivalent labor rates for the actual time worked on the project. As a result, although a significant portion of our research, development, collaborations and contracts expenses are not tracked on a project-by-project basis, we do, however, track direct external costs attributable to, and the actual time our employees worked on our collaborations.

General and administrative

General and administrative expenses decreased in the three months ended March 31, 2018 compared to the three months ended March 31, 2017 primarily due to a decrease in non-cash compensation expense related to the expiry of repurchase rights in Q3 2017, offset by professional fees incurred related to the launch of Genevant Sciences - see Part I, Item 2, "Management's Discussion and Analysis of Financial Condition and Results of Operations - Overview".

Site consolidation charges

In February 2018, we announced a site consolidation and organizational restructuring to better align our HBV business in Warminster, PA, by reducing our global workforce and closing our Burnaby facility. For the three months ended March 31, 2018, we began executing our site consolidation plan and recorded expenses of $1.6 million in this respect. Most of the site consolidation expenses will be expensed ratably over the period that employees continue to provide services. We expect total site consolidation expenses to be approximately $5.0 million.

Other income (losses) / Other income (losses) are summarized in the following table, in thousands:

	Three Months Ended March 31,	
	2018	2017
Interest income	**$ 758**	$ 368
Interest expense	**(104)**	(42)
Foreign exchange gains (losses)	**(526)**	427
Decrease (increase) in fair value of warrant liability	**—**	(22)
Decrease (increase) in fair value of contingent consideration	**848**	(1,059)
Total other income (losses)	**$ 976**	$ (328)

Foreign exchange gains (losses)

We continue to incur substantial expenses and hold cash and investment balances in Canadian dollars, and as such, will remain subject to risks associated with foreign currency fluctuations. For the three months ended March 31, 2018, we recorded a foreign exchange loss of $0.5 million, which is primarily an unrealized loss related to an depreciation in the value of our Canadian dollar funds, from the previous period, when converted to our functional currency of U.S. dollars.

Decrease (increase) in fair value of contingent consideration

Contingent consideration is a liability assumed by the Company from our acquisition of Arbutus Inc. in March 2015. In general, increases in the fair value of the contingent consideration are related to the progress of our programs as they get closer to triggering contingent payments. The decrease in contingent consideration for the three months ended March 31, 2018 is due to a delay in the progress of our program related to the first payment, which reduces the estimated fair value of the liability.

LIQUIDITY AND CAPITAL RESOURCES

The following table summarizes our cash flow activities for the periods indicated, in thousands:

	Three Months Ended March 31,	
	2018	2017
Net loss for the period	**$ (17,429)**	$ (18,627)
Adjustments to reconcile net loss to net cash provided by operating activities	**1,274**	5,493
Changes in operating assets and liabilities	**(3,812)**	(4,401)
Net cash used in operating activities	**(19,967)**	(17,535)
Net cash provided by (used in) investing activities	**(75,666)**	23,195
Net cash provided by financing activities	**54,367**	354
Effect of foreign exchange rate changes on cash & cash equivalents	**(565)**	424
Net increase (decrease) in cash and cash equivalents	**(41,831)**	6,438
Cash and cash equivalents, beginning of period	**54,292**	23,413
Cash and cash equivalents, end of period	**12,461**	29,851

Since our incorporation, we have financed our operations through the sales of shares, units, debt, revenues from research and development collaborations and licenses with corporate partners, interest income on funds available for investment, and government contracts, grants and tax credits.

At March 31, 2018, we had an aggregate of $172.6 million in cash and cash equivalents and short-term investments, as compared to an aggregate of $139.0 million in cash and cash equivalents, short-term investments, and restricted investments at December 31, 2017.

For the three months ended March 31, 2018, operating activities used $20.0 million in cash as compared to $17.5 million of cash used in the three months ended March 31, 2017. The increase in net cash used in operating activities is largely related to site consolidation expenses.

For the three months ended March 31, 2018, investing activities decreased cash by $75.7 million as we invested the cash received from the preferred share financing.

For the three months ended March 31, 2018, financing activities increased cash by $54.4 million due to the completion of Tranche 2 of the private financing netting $66.3 million, offset by repayment of our promissory note to Wells Fargo.

Cash requirements / At March 31, 2018 we held an aggregate of $172.6 million in cash, comprised of $12.5 million in cash and cash equivalents and $160.1 million in short-term investments. In October 2017, we announced that we had entered into a subscription agreement with Roivant Sciences Ltd. ("Roivant") for the sale of Preferred Shares to Roivant for gross proceeds of $116.4 million. The initial investment of $50.0 million closed in October 2017, and the remaining amount of $66.4 million closed in January 2018.

We believe we have sufficient cash resources to fund our operations for at least the next 12 months. In the future, substantial additional funds will be required to continue with the active development of our pipeline products and technologies. In particular, our funding needs may vary depending on a number of factors including:

- the need for additional capital to fund future business development programs;
- revenue earned from our legacy collaborative partnerships and licensing agreements, including royalty payments from Alnylam and royalties from sales of Marqibo from Spectrum;
- revenue earned from ongoing collaborative partnerships, including milestone and royalty payments;
- the extent to which we continue the development of our product candidates, add new product candidates to our pipeline, or form collaborative relationships to advance our products;
- our decisions to in-license or acquire additional products or technology for development, in particular for our HBV therapeutics programs;
- our ability to attract and retain corporate partners, and their effectiveness in carrying out the development and ultimate commercialization of our product candidates;
- whether batches of drugs that we manufacture fail to meet specifications resulting in delays and investigational and remanufacturing costs;
- the decisions, and the timing of decisions, made by health regulatory agencies regarding our technology and products;
- competing technological and market developments;
- costs associated with prosecuting and enforcing our patent claims and other intellectual property rights, including litigation and arbitration arising in the course of our business activities; and
- costs associated with our site consolidation plans

We intend to seek to obtain funding to maintain and advance our business from a variety of sources including public or private equity or debt financing, collaborative arrangements with pharmaceutical companies and government grants and contracts. There can be no assurance that funding will be available at all or on acceptable terms to permit further development of our products.

If adequate funding is not available, we may be required to delay, reduce or eliminate one or more of our research or development programs or reduce expenses associated with non-core activities. We may need to obtain funds through arrangements with collaborators or others that may require us to relinquish most or all of our rights to product candidates at an earlier stage of development or on less favorable terms than we would otherwise seek if we were better funded. Insufficient financing may also mean failing to prosecute our patents or relinquishing rights to some of our technologies that we would otherwise develop or commercialize.

OFF-BALANCE SHEET ARRANGEMENTS

We do not have any off-balance sheet arrangements that have or are reasonably likely to have a current or future effect on our financial condition, changes in financial condition, revenues or expenses, results of operations, liquidity, capital expenditures or capital resources that is material to investors.

CONTRACTUAL OBLIGATIONS

The following table summarizes our contractual obligations as at March 31, 2018:

(in millions)	Payments Due by Period				
	Total	**Less than 1 year**	**1 – 3 years**	**3 – 5 years**	**More than 5 years**
Contractual Obligations					
Facility leases	$ 7.6	$ 1.6	$ 1.6	$ 1.4	$ 3.0
Total	**$ 7.6**	**$ 1.6**	**$ 1.6**	**$ 1.4**	**$ 3.0**

IMPACT OF INFLATION

Inflation has not had a material impact on our operations.

RELATED PARTY TRANSACTIONS

Series A participating convertible preferred shares

On October 2, 2017, we entered into a subscription agreement with Roivant for the sale of Preferred Shares to Roivant for gross proceeds of $116.4 million. The Preferred Shares are non-voting and are convertible into common shares at a conversion price of $7.13 per share (which represents a 15% premium to the closing price of $6.20 per share). The purchase price for the Preferred Shares plus an amount equal to 8.75% per annum, compounded annually, will be subject to mandatory conversion into 22,589,601 common shares on October 16, 2021 (subject to limited exceptions in the event of certain fundamental corporate transactions relating to Arbutus' capital structure or assets, which would permit earlier conversion at Roivant's option). After conversion of the Preferred Shares into common shares, based on the number of common shares outstanding on April 30, 2018, Roivant would hold 49.90% of the Company's common shares. Roivant has agreed to a four year lock-up period for this investment and its existing holdings in Arbutus. Roivant has also agreed to a four year standstill whereby Roivant will not acquire greater than 49.99% of the Company's common shares or securities convertible into common shares.

The initial investment of $50.0 million closed on October 16, 2017, and the remaining amount of $66.4 million closed on January 12, 2018 following regulatory and shareholder approvals.

Launch with Roivant of jointly-owned Genevant Sciences ("Genevant")

On April 11, 2018, we entered into a agreements with Roivant to launch Genevant, a jointly-owned company focused on the discovery, development, and commercialization of a broad range of RNA-based therapeutics enabled by Arbutus' proprietary lipid nanoparticle (LNP) and ligand conjugate delivery technologies.

Under the terms of the agreement, we will license exclusive rights to our LNP and ligand conjugate delivery platforms to Genevant for RNA-based applications outside of HBV, and Roivant will contribute $37.5 million in transaction-related seed capital for Genevant in exchange for which each party will initially have a 50% ownership interest in Genevant. Roivant's contribution consists of an initial capital contribution of $22.5 million, and a commitment to contribute a further $15 million at a pre-determined, stepped-up valuation. We will retain all rights to the LNP and conjugate delivery platforms for HBV, and will be entitled to a tiered royalty from Genevant on future sales of products enabled by those delivery platforms. We will also retain the entirety of our royalty entitlement on the commercialization of Alnylam's patisiran. Refer to Part I, Item 2 "Management's Discussion and Analysis of Financial Condition and Results of Operations - Overview" for additional information.

OUTSTANDING SHARE DATA

As of April 30, 2018, we had 55,167,997 common shares, no par value, outstanding. In addition, we had 6,768,966 stock options outstanding and 1,164,000 Series A participating convertible preferred shares outstanding, which will be mandatorily convertible into 22,589,601 common shares on October 16, 2021. Assuming the stock options were exercised and the preferred shares were converted as of April 30, 2018, we would have had 78,836,494 common shares outstanding at April 30, 2018.

ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

There have been no material changes in our quantitative and qualitative disclosures about market risk from those disclosed in our Annual Report on Form 10-K for the year ended December 31, 2017.

ITEM 4. CONTROLS AND PROCEDURES

As of March 31, 2018, an evaluation of the effectiveness of our "disclosure controls and procedures" (as such term is defined in Rules 13a-15(e) and 15d-15(e) under the Securities Exchange Act of 1934) was carried out by our management, with the participation of our Chief Executive Officer (CEO) and Chief Financial Officer (CFO). Based upon this evaluation, the CEO and CFO have concluded that as of March 31, 2018, our disclosure controls and procedures are effective to ensure that information required to be disclosed by us in reports that we file or submit under the Exchange Act is (i) recorded, processed, summarized and reported within the time periods specified in Securities and Exchange Commission (the "Commission") rules and forms and (ii) accumulated and communicated to the management of the registrant, including the CEO and CFO, to allow timely decisions regarding required disclosure.

It should be noted that while the CEO and CFO believe that our disclosure controls and procedures provide a reasonable level of assurance that they are effective, they do not expect that our disclosure controls and procedures or internal control over financial reporting will prevent all errors and fraud. A control system, no matter how well conceived or operated, can provide only reasonable, not absolute, assurance that the objectives of the control system are met.

There have been no changes in our internal control over financial reporting (as defined in Rules 13a–15(f) and 15d–15(f) under the Exchange Act) during the three months ended March 31, 2018 that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

PART II. OTHER INFORMATION

ITEM 1. LEGAL PROCEEDINGS

We are involved with various legal matters arising in the ordinary course of business. We make provisions for liabilities when it is both probable that a liability has been incurred and the amount of the loss can be reasonably estimated. Such provisions are reviewed at least quarterly and adjusted to reflect the impact of any settlement negotiations, judicial and administrative rulings, advice of legal counsel, and other information and events pertaining to a particular case. Litigation is inherently unpredictable. Although the ultimate resolution of these various matters cannot be determined at this time, we do not believe that such matters, individually or in the aggregate, will have a material adverse effect on our consolidated results of operations, cash flows, or financial condition.

UBC Arbitration

Certain early work on liposomal delivery systems and related inventions was undertaken by us and assigned to the University of British Columbia (UBC). These inventions are licensed to us by UBC under a license agreement initially entered into in 1998 and subsequently amended in 2001, 2006 and 2007. We have granted sublicenses to these inventions to Alnylam. Alnylam has in turn sublicensed these inventions back to us for discovery, development and commercialization of RNAi products.

On November 10, 2014, the University of British Columbia filed a demand for arbitration against Arbutus Biopharma Corp., BCICAC File No.: DCA-1623. We received UBC's Statement of Claims on January 16, 2015. In its Statement of Claims, UBC alleges that it is entitled to $3.5 million in allegedly unpaid royalties based on publicly available information, and an unspecified amount based on non-public information. UBC also seeks interest and costs, including legal fees. Arbutus filed its Statement of Defense to UBC's Statement of Claims on April 27, 2015, denying that UBC is entitled to any unpaid royalties. Arbutus also filed a Counterclaim involving a patent application that Arbutus alleges UBC wrongly licensed to a third party rather than to Arbutus. Arbutus seeks any license payments for said application, and an exclusive worldwide license to said application. The proceeding has been bifurcated into phases, beginning with a liability phase, addressing UBC's Claims and Arbutus' Counterclaim, that took place June 2017. The arbitrator determined in the first phase which agreements are sublicense agreements within UBC's claim, and which are not. No finding was made as to whether any licensing fees are due to UBC under these agreements; this will be the subject of the second phase of arbitration. The arbitrator also held that the patent application that is the subject of the Counterclaim was not required to be licensed to Arbutus. A schedule for the remaining phases has not yet been set.

Acuitas Therapeutics

On August 29, 2016, Arbutus provided Acuitas with notice that Arbutus considered Acuitas to be in material breach of their cross-license agreement. The cross-license agreement provides that it may be terminated upon any material breach by the other party 60 days after receipt of written notice of termination describing the material breach in reasonable detail. On October 25, 2016, Acuitas filed a Notice of Civil Claim in the Supreme Court of British Columbia seeking an order that Arbutus perform its obligations under the cross license agreement, for damages ancillary to specific performance, injunctive relief, interest and costs. We disputed Acuitas' position and filed a counterclaim seeking, among other relief, a declaration that the cross-license agreement had been terminated.

On January 10, 2017, we filed an application seeking an order to enjoin Acuitas from entering into any further agreements purporting to sublicense Arbutus' technology from the date of the order to the date of trial or further order from the court. Acuitas filed a response to Arbutus' application and the matter was the subject of a hearing on January 26, 2017, which resulted in the Supreme Court of British Columbia granting a pre-trial injunction against Acuitas. Under the terms of the pre-clinical trial injunction, Acuitas was prevented from entering into any new agreements which include sublicensing of Arbutus' LNP. On March 7, 2017, Acuitas appealed the injunction decision and on April 3, 2017, the appeal was denied. On September 29, 2017, the injunction order was extended by consent to March 2, 2018. On February 21, 2018, the contractual issues concerning the cross-license agreement (excluding the claims for damages) were settled out of court, resulting in the termination of Acuitas' rights to further use or sublicense our LNP technology, making permanent the effect of the Court's prior injunction. We have now consolidated our LNP intellectual property estate, which is the most clinically validated delivery technology suitable for RNAi, mRNA therapeutics, and gene editing applications. The settlement stipulates that the four non-exclusive viral vaccine sublicenses previously granted to Moderna are the only sublicenses to survive. These four sublicenses, previously granted by Acuitas to Moderna under the pre-April 15, 2010 LNP patent families are each limited to a specific viral target. Moderna has no other rights to Arbutus' broad suite of LNP intellectual property. No other sublicenses of Arbutus

technology were provided to third parties by Acuitas and accordingly, no other sublicenses of Arbutus technology by Acuitas survived the settlement. This milestone further establishes us as the owner and only source of an industry-leading LNP delivery technology with the ability to develop a full range of nucleic acid-based applications.

ITEM 1A. RISK FACTORS

There have been no material changes in our risk factors from those disclosed in our Annual Report on Form 10-K for the fiscal year-ended December 31, 2017.

ITEM 2. UNREGISTERED SALES OF EQUITY SECURITIES AND USE OF PROCEEDS

None.

ITEM 3. DEFAULTS UPON SENIOR SECURITIES

None.

ITEM 4. MINE SAFETY DISCLOSURES

Not applicable.

ITEM 5. OTHER INFORMATION

None.

ITEM 6. EXHIBITS

See the Exhibit Index hereto.

EXHIBIT INDEX

Number	Description
10.1*	Master Contribution And Share Subscription Agreement: Genevant Sciences Ltd. dated April 11, 2018
31.1*	Certification of Chief Executive Officer pursuant to Rule 13a14 or 15d14 of the Securities Exchange Act of 1934, as adopted pursuant to Section 302 of the SarbanesOxley Act of 2002
31.2*	Certification of Chief Financial Officer pursuant to Rule 13a14 or 15d14 of the Securities Exchange Act of 1934, as adopted pursuant to Section 302 of the SarbanesOxley Act of 2002
32.1*	Certification of Chief Executive Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the SarbanesOxley Act of 2002
32.2*	Certification of Chief Financial Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the SarbanesOxley Act of 2002
101	Interactive Data Files

* Filed herewith.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized on May 3, 2018.

ARBUTUS BIOPHARMA CORPORATION

By: /s/ Mark Murray

Mark Murray

President and Chief Executive Officer

Exhibit 10.1

EXECUTION COPY

MASTER CONTRIBUTION AND SHARE SUBSCRIPTION AGREEMENT

BY AND AMONG

GENEVANT SCIENCES LTD.,

ARBUTUS BIOPHARMA CORPORATION

AND

ROIVANT SCIENCES LTD.

DATED April 11, 2018

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Exhibits

Exhibit A Form of License Agreement
Exhibit B Form of Master Services Agreement
Exhibit C Form of Shareholders Agreement

MASTER CONTRIBUTION AND SHARE SUBSCRIPTION AGREEMENT

THIS AGREEMENT is made effective as of the 11th day of April, 2018

AMONG:

GENEVANT SCIENCES LTD., a limited company formed under the laws of Bermuda (the **Company**);

AND

ARBUTUS BIOPHARMA CORPORATION, a corporation amalgamated under the laws of British Columbia (**Arbutus**)\

ND

ROIVANT SCIENCES LTD., a Bermuda exempted limited company (**Roivant**).

WHEREAS:

A. As of the date hereof, the Company has issued 100 common shares with $1.00 par value per share (the **Common Shares**), all of which shares have been issued to Roivant;

B. Arbutus desires to make a contribution of the LNP Assets (as defined below), including all of the issued and outstanding shares (the **Genevant Shares**) of Genevant Sciences Corporation, a British Columbia corporation (**Genevant Canada**), to the Company in exchange for 22,500,000 Common Shares (the **Contribution Shares**) upon the terms and subject to the conditions of this Agreement; and

C. Roivant desires to assign the Employment Contract (as defined below), and to pay $22,500,000 (the **Subscription Price**), to the Company in exchange for 22,499,900 Common Shares (the **Subscription Shares**) upon the terms and subject to the conditions of this Agreement.

THEREFORE THIS AGREEMENT WITNESSES that for good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged by the Parties, the Parties agree as follows:

ARTICLE 1 - DEFINITIONS; CONSTRUCTION

1. Definitions

Whenever used in this Agreement, unless there is something in the subject matter or context inconsistent therewith, the following words and phrases shall have the respective meanings ascribed to them as follows:

Affiliate means, with respect to any person, any other person, directly or indirectly through one or more intermediaries, controlling or controlled by or under direct or indirect common control with such person. For purposes of this definition, "control" (including, with correlative meanings, the terms "controlling", "controlled by" and "under common control with"), as used with respect to any person, shall mean the possession, directly or indirectly, of the power to direct or cause the direction of the management and policies of such person, whether through the ownership of voting securities, by

agreement or otherwise (it being understood that for purposes of this Agreement, Arbutus and its Subsidiaries, on the one hand, and Roivant and its Subsidiaries, on the other hand, shall not be deemed to be Affiliates of one another and, for the avoidance of doubt, Arbutus shall not be deemed to be a Subsidiary of Roivant).

Agreed Claims has the meaning ascribed to such term in Section 7.6(c).

Agreement means this master contribution and share subscription agreement (including any Appendices, Exhibits and Disclosure Schedules hereto) and any instrument amending this Agreement.

Allocation Schedule has the meaning ascribed to such term in Section 2.1(e).

Ancillary Agreements means, collectively, the Shareholders Agreement, the Data Sharing Agreement, the Transition Services Agreement, the License Agreement, the Master Service Agreement, the Services Agreements, the Sub-Lease and all instruments of assignment or transfer necessary to effect the assignment of all Proprietary Rights included in the LNP Assets.

Arbutus Fundamental Representations and Warranties means those representations and warranties of Arbutus in Section 4.1(a) (Due Organization, Good Standing and Corporate Power), Section 4.1(b) (Authorization), Section 4.1(e) (Title and Ownership of Genevant Shares), Section 4.1(f) (Title and Ownership), Section 4.1(k)(ii) (Title to Intellectual Property), Section 4.1(n) (Tax Matters) and Section 4.1(o) (Brokers).

Assumed Liabilities has the meaning ascribed to such term in Section 2.1(c).

Audited Carve-Out Financial Statements has the meaning ascribed to such term in Section 5.6.

Basket has the meaning ascribed to such term in Section 7.5(a).

Bills of Sale and Assignment and Assumption Agreements means that certain (a) bill of sale and assignment and assumption agreement between the Company and Arbutus and (b) assignment and assumption agreement between the Company and Roivant, in each case, in a form to be mutually agreed upon by the Parties, which shall be entered into on the Closing Date pursuant to this Agreement.

Burnaby Lease means that certain Lease, dated as of December 15, 1997, by and between Mr Western Holdings Corporation (as successor-in-interest to Mr Vanca Holdings Corporation and Canada Lands Company CLC Limited) and Inex Pharmaceuticals Corporation, as assigned to Tekmira Pharmaceuticals Corporation on April 25, 2007, as amended.

Business Day means a day other than a Saturday, Sunday or any other day on which the principal chartered banks located in Bermuda, New York, New York or Vancouver, British Columbia are not open for business.

Claim Certificate has the meaning ascribed to such term in Section 7.6(a).

Claims means any claim, cause of action, demand, lawsuit, proceeding, arbitration or Governmental Entity proceeding, whether asserted, threatened, pending or existing.

Clinical Data means all data resulting from any clinical study, or clinical trial, or CMC development of any compound or product, including the applicable protocol for each such study or trial, as well as all associated site related documentation, including all training materials, all correspondence with the sites, investigator brochures, investigational review board correspondence, data monitoring committee minutes; operational documentation and any CMC data including documentation and information related to production of drug substance and drug product including information associated with labeling and packaging.

Closing has the meaning ascribed to such term in Section 3.1.

Closing Date has the meaning ascribed to such term in Section 3.1.

Closing Time has the meaning ascribed to such term in Section 3.1

CMC means manufacturing related activities including the regulatory Chemistry, Manufacturing, and Controls matters of an IND or NDA or any foreign equivalent thereof, or Pharmaceutical Quality/CMC, as such terms are defined by the regulations of the applicable Regulatory Authority, including as required for Module 3 per International Conference on Harmonisation M4Q.

Code means the United States Internal Revenue Code of 1986, as amended.

Common Shares has the meaning ascribed to such term in the Recitals.

Company Board means the board of directors of the Company as the same is constituted from time to time.

Company IP means any and all LNP Proprietary Rights owned (or purported to be owned) by Arbutus.

Company Subsidiaries means collectively the Company's wholly-owned direct and indirect Subsidiaries as of the date hereof, being Genevant Sciences Holdings Limited., a corporation formed under the laws of the United Kingdom, Genevant Sciences, Inc., a Delaware corporation, and Genevant Sciences GmbH, a limited liability company organized under the laws of Switzerland (**Genevant GmbH**).

Contract means any note, bond, mortgage, indenture, guaranty, license, franchise, permit, agreement, contract, commitment or letter of intent (whether oral or written), and any amendments thereto.

Contribution Shares has the meaning ascribed thereto in the Recitals.

Copyrights has the meaning ascribed to such term in the definition of Proprietary Rights.

Criminal Code has the meaning ascribed to such term in Section 5.2(e)(ii).

Data Sharing Agreement means that certain data sharing agreement between Genevant GmbH and Datavant, Inc., a Delaware corporation, in a form to be mutually agreed upon by the Parties, which shall be entered into on the Closing Date pursuant to this Agreement.

Disclosure Schedule has the meaning ascribed to such term in Section 4.1.

Domain Names means all Internet addresses and domain names and related registrations and applications and any renewals or extensions thereof.

Employee Benefit Plan means all plans, arrangements, agreements, programs, policies or practices (whether funded or unfunded, insured or self-insured, registered or unregistered) maintained by Arbutus or its Subsidiaries or to which Arbutus or its Subsidiaries make contributions (excluding those government provided programs to which Arbutus is required to contribute by law) that provide compensation or benefits to, or for the benefit of, any Transferred Employees or their dependants or beneficiaries and consisting of or relating to, as the case may be, any one or more of the following:

(i) retirement savings or pension plans including any defined benefit or defined contribution pension plan sponsored by Arbutus or its Subsidiaries, any multi-employer industry pension plan to which Arbutus or its Subsidiaries make contributions and any group registered retirement savings plans or any supplemental pension plans sponsored by Arbutus or its Subsidiaries; and

(ii) group employee benefit plans, including plans that provide disability or wage continuation benefits (including short-term disability and long-term disability benefits), hospitalization, health, medical/dental, legal services, life insurance, post-retirement health and life insurance benefits, death or survivor benefits or any other benefits, including supplemental unemployment insurance or plans relating to vacation pay, severance or termination pay and multi-employer industry health and welfare plans or employee life and health trusts to which Arbutus or its Subsidiaries make contributions.

Employment Contract means the employment contract entered into by Roivant Sciences, Inc. listed on Appendix A.

Excluded Assets has the meaning ascribed to such term in Section 2.1(b).

Excluded Liabilities has the meaning ascribed to such term in Section 2.1(d).

Excluded Licenses has the meaning ascribed to such term in Section 2.1(b)(iv).

FDA means the United States Food and Drug Administration or any successor agency thereto.

FD&C Act means the U.S. Federal Food, Drug, and Cosmetic Act, as amended.

GAAP means with the generally accepted accounting principles of the United States of America applicable to the Company applied on a consistent basis during the periods involved.

GalNAc Technology means: (a) a molecule that includes a therapeutic nucleic acid component, such as an siRNA, linked to a targeting ligand wherein the linkage can be directly to the targeting ligand or via a linking chemical moiety referred to as a linker; (b) a targeting ligand (c) a linker; and/or (d) methods of making and/or using targeting ligands (e.g., GalNAc or derivatives thereof). The targeting ligand can be any molecule that binds to a target within a living cell or organism, for example, the targeting ligand can be N-acetylgalactosamine (GalNAc) or derivatives thereof.

Genevant Canada has the meaning ascribed to such term in the Recitals.

Genevant Shares has the meaning ascribed to such term in the Recitals.

Governmental Entity means any applicable: (i) multinational, federal, provincial, state, regional, municipal, local or other government, governmental or public department, central bank, court, tribunal, arbitral body, commission, board, bureau or agency, whether domestic or foreign, (ii) any subdivision, agency, commission, board or authority of any of the foregoing, or (iii) any quasi-governmental body, including any securities regulatory authority, exercising any regulatory, expropriation or taxing authority under or for the account of any of the foregoing.

Gritstone Company Revenue means fifty percent (50%) of the Gritstone Revenue to be transferred to the Company as an LNP Asset as defined in, and pursuant to, Section 2.1(a)(xi) and the License Agreement, without reduction for any Taxes withheld or deducted.

Gritstone License Agreement means the License Agreement, dated as of October 16, 2017, by and between Gritstone Oncology, Inc., on the one hand, and Arbutus and Protiva Biotherapeutics Inc., on the other hand.

Gritstone Revenue means all payments due and payable from Gritstone, its Affiliates or assigns, under the Gritstone License Agreement on or after the Closing Date, without reduction for any Taxes withheld or deducted.

HBV means the hepatitis B virus.

ICDR has the meaning ascribed to such term in Section 7.10(c)(i).

IND means an Investigational New Drug Application filed with the FDA pursuant to Part 312 of Title 21 of the U.S. Code of Federal Regulations (or its successor regulation), or the equivalent application or filing filed with any equivalent agency or Governmental Entity outside the United States of America (including any supra-national agency such as the European Medicines Agency).

Indemnified Party has the meaning ascribed to such term in Section 7.1.

Indemnifying Party has the meaning ascribed to such term in Section 7.1.

Indemnitees means, with respect to each of Arbutus and Roivant, their respective Subsidiaries and Affiliates and each of their respective directors, officers, agents, employees, advisors and representatives; provided, that Arbutus and its Subsidiaries and Affiliates shall not be deemed to be Indemnitees of Roivant and Roivant and its Subsidiaries and Affiliates shall not be deemed to be Indemnitees of Arbutus.

Know-How means biological materials and other tangible materials, information, data, inventions, practices, methods, methodologies, protocols, formulas, formulations, oligonucleotide sequences, knowledge, trade secrets, processes, assays, skills, techniques and results of experimentation and testing, patentable or otherwise.

Knowledge, or words of similar import, of a person means the knowledge of such person after reasonable inquiry, except that "knowledge of Arbutus", or words of similar import, means the knowledge of Mark Murray, Elizabeth Howard, Koert VandenEnden, Michael J. Sofia, Peter Lutwyche, William T. Symonds or Barry McGurl, in each case, after reasonable inquiry; provided, however, as used in the final sentence of Section 4.1(k)(iv), to Arbutus' knowledge means the actual knowledge of the foregoing persons.

Laws means all laws, by-laws, rules, regulations, orders, ordinances, codes, instruments, judgments or other requirements of any Governmental Entity whether foreign or domestic.

Liabilities means any and all indebtedness, liabilities and obligations, whether accrued or fixed, known or unknown, absolute or contingent, matured or unmatured or determined or determinable.

License Agreement means the cross-license agreement between the Company and Arbutus substantially in the form attached hereto as Exhibit A, to be entered into on the Closing Date pursuant to this Agreement.

Licensed IP means the LNP Proprietary Rights wholly-owned or co-owned by any person other than Arbutus or any of its Subsidiaries.

Licenses has the meaning ascribed to such term in Section 4.1(g).

Lien means any encumbrance or title defect of whatever kind or nature, regardless of form, whether or not registered or registerable and whether or not consensual or arising by law (statutory or otherwise), including any mortgage, lien, charge, pledge or security interest, whether fixed or floating, or any assignment, lease, option, right of pre-emption, privilege, encumbrance, easement, servitude, right of way, restrictive covenant or right of use.

LNP means lipid nanoparticle.

LNP Assets has the meaning ascribed to such term in Section 2.1(a).

LNP Business means the ownership, commercialization and development of the LNP Technology (including GalNac Technology) and the LNP Assets, but excluding such activities to the extent they relate to HBV or any therapy for HBV.

LNP Contracts has the meaning ascribed to such term in Section 2.1(a)(x).

LNP Domain Names has the meaning ascribed to such term in Section 2.1(a)(ii).

LNP Inventory has the meaning ascribed to such term in Section 2.1(a)(iii).

LNP Know How has the meaning ascribed to such term in Section 2.1(b)(iii).

LNP Proprietary Rights means all Proprietary Rights used (or held for use) in the course of conduct of the LNP Business, including all Proprietary Rights in or arising from any LNP Technology (including GalNAc Technology), all LNP Trademarks, LNP Trade Secrets, LNP Domain Names, Patents, and LNP Know How, but excluding all Excluded Licenses.

LNP Technology means, collectively, the Company's proprietary nucleic acid delivery platform based upon LNP technology and GalNac Technology.

LNP Trademarks has the meaning ascribed to such term in Section 2.1(a)(i).

LNP Trade Secrets has the meaning ascribed to such term in Section 2.1(b)(ii).

Loss means, without duplication, (i) any and all Claims, judgments, awards, Liabilities, losses, costs or damages, including reasonable fees and expenses of attorneys, accountants and other professional advisors, whether involving a dispute solely between the parties hereto or otherwise, and

(ii) any losses or costs incurred in investigating, defending or settling any of claim, action or cause of action described in clause (i).

Master Service Agreement means the master service agreement between the Company and/or certain Subsidiaries of the Company and Arbutus pursuant to which the Company and/or certain Subsidiaries of the Company shall provide services substantially in the form attached hereto as Exhibit B, which shall be entered into on the Closing Date pursuant to this Agreement.

Material Adverse Effect means any event, circumstance, development, change or effect that is or would reasonably be expected to be materially adverse to the business, operations, condition (financial or otherwise), assets or Liabilities of the LNP Business, except to the extent that such event, circumstance, development, change or effect results from or is caused by: (i) worldwide, national or local conditions or circumstances whether they are economic, political, regulatory or otherwise, including war, armed hostilities, acts of terrorism, emergencies, crises and natural disasters, (ii) changes affecting the worldwide biopharmaceutical industry in general and which does not have a disproportionate effect the LNP Business or the LNP Assets as compared to other industry participants, (iii) the announcement of this Agreement and the transactions contemplated hereby, or (iv) any act or omission of Arbutus or its Subsidiaries taken with the prior consent or at the request of Roivant.

Mutually Agreed Appraiser has the meaning ascribed to such term in Section 7.10(c)(i).

NDA means a New Drug Application, as defined in the FD&C Act, and applicable regulations promulgated thereunder by the FDA, and all amendments and supplements thereto, including all documents, data and other information concerning a pharmaceutical product for gaining Regulatory Approval.

Order means any order, decision, judgment, writ, injunction, decree, award or other determination of any Governmental Entity whether foreign or domestic**.**

Outside Date means September 30, 2018, or such later date as may be agreed to in writing by the Parties.

Parties means the Company, Arbutus and Roivant, and **Party** means any of them, as the context requires.

Patents means any patent (including any reissue, extension, substitution, confirmation, re-registrations, re-examination, revival, supplementary protection certificate, patents of addition, continuation, continuation-in-part, or divisional) or patent application (including any provisional application, non-provisional patent application, continuation, continuation-in-part, divisional, PCT international applications or national phase applications), in each case whether in the U.S. or any foreign country.

Patisiran means Alnylam Pharmaceuticals, Inc.'s (still investigational as of the effective date of this agreement) RNAi therapeutic targeting transthyretin (TTR) for the treatment of adults with hereditary transthyretin-mediated amyloidosis (hATTR amyloidosis). First regulatory approval of Patisiran is estimated by second half of 2018.

Patriot Act has the meaning ascribed to such term in Section 5.2(e)(i).

PCMLTFA has the meaning ascribed to such term in Section 5.2(e)(i).

Permitted Lien means: (a) mechanics', materialmen's and other similar Liens arising in the ordinary course of business securing amounts not yet due and payable; (b) purchase money Liens and Liens securing rental payments under capital lease arrangements; and (c) in the case of tangible personal property or owned or leased real property, imperfections of title which are not, individually or in the aggregate, material in character, amount or extent and which do not materially detract from the value of, or materially interfere with the present or presently contemplated use of, the property subject thereto or affected thereby.

person means any individual (whether acting as an executor, trustee administrator, legal representative or otherwise), corporation, firm, partnership, sole proprietorship, syndicate, joint venture, trustee, trust, unincorporated organization or association, and pronouns have a similar extended meaning.

Proprietary Rights means any intellectual property and the technology in any jurisdiction including; (i) all inventions·(whether patentable or unpatentable and whether or not reduced to practice), all improvements thereto, and all Patents, (ii) all Trademarks and Domain Names; (iii) all works of authorship, copyrightable works, and copyrights, and all applications, registrations and renewals associated therewith (collectively, **Copyrights**); (iv) all proprietary or confidential information and trade-secrets, data, databases, collections of data (collectively, **Trade Secrets**) and Know-How, including research and development data, and information, including all biological, chemical, pharmacological, biochemical, toxicological, pharmaceutical, preclinical, clinical, manufacturing, physical, analytical, safety, quality assurance, quality control and other data, instructions, processes, formulae, expertise, information, reports or studies or Regulatory Materials; (v) all software; (vi) any copies and tangible embodiments of any of the foregoing (in whatever form or medium); (vii) all registrations, applications and renewals for any of the intellectual property and the technology referred to above; and (viii) all common law statutory and contractual rights to the intellectual property and the technology referred to above.

Regulation D means Regulation D promulgated under the U.S. Securities Act.

Regulatory Approval means all approvals, licenses, registrations or authorizations of Regulatory Authorities necessary for the manufacture, use, storage, import, export, distribution, promotion, marketing, and offer for sale of any compound or product in a territory. If governmental approval is required for a compound or product to be reimbursed by national health insurance (or its local equivalent), "Regulatory Approval" shall not be deemed to occurring until such pricing or reimbursement approval is obtained.

Regulatory Authority means any Governmental Entity whose review or approval is necessary for the manufacture, packaging, use, storage, import, export, distribution, promotion, marketing, offer for sale and sale of any compound or product. Where governmental approval is required for pricing or reimbursement for a compound or product to be reimbursed by national health insurance (or its local equivalent), "Regulatory Authority" shall also include any Governmental Entity whose review or approval or reimbursement is required.

Regulatory Materials means the U.S. and foreign regulatory applications, submissions and approvals (including all INDs, NDAs and foreign counterparts thereof, and all regulatory approvals) for any compound or product, and all correspondence with the FDA and other Governmental Entity relating to any compound or product or any of the foregoing regulatory applications, submissions and approvals and all clinical, regulatory and other data and information contained in the foregoing regulatory applications, submissions and approvals.

Roivant Fundamental Representations and Warranties means those representations and warranties of Roivant in Section 4.2(a) (Due Organization, Good Standing and Corporate Power), Section 4.2(b) (Authorization), Section 4.2(e) (Capitalization; No Subsidiaries), Section 4.2(h) (Brokers) and Section 4.2(l) (Title and Ownership).

Rules has the meaning ascribed to such term in Section 7.10(c)(i).

Securities Laws means, as applicable, the securities Laws, regulations, rules, rulings and Orders in Bermuda and in each of the provinces of Canada and the federal and state securities laws of the United States, all written instruments, rules, regulations and Orders and applicable policy statements having the force of law of the applicable securities regulatory authorities.

Services Agreements means (a) the services agreement among the Company and the Company Subsidiaries providing for the provision of services among the Company and the Company Subsidiaries and (ii) the services agreement among certain of Roivant's Subsidiaries, the Company and the Company Subsidiaries providing for the provision of services by such Roivant Subsidiaries to the Company and the Company Subsidiaries, in each case, in a form to be mutually agreed upon by the Parties, which shall be entered into on the Closing Date pursuant to this Agreement.

Shareholders Agreement means the unanimous shareholders agreement among the Company, Arbutus and Roivant substantially in the form attached hereto as Exhibit C to be entered into on the Closing Date pursuant to this Agreement.

Sub-Lease means the sub-lease agreement between the Company and Arbutus in respect of the Burnaby Lease in a form to be mutually agreed upon by the Parties, which shall be entered into on the Closing Date pursuant to this Agreement.

Subscription Shares has the meaning ascribed to such term in the Recitals.

Subsidiary means, with respect to any person, (i) any corporation or similar person in which more than fifty percent (50%) of the stock of any class or classes that by the terms thereof have the ordinary voting power to elect a majority of the directors of such corporation (irrespective of the happening of any contingency) is owned by such person directly or indirectly through one or more Subsidiaries of such person and (b) any partnership, association, joint venture, limited liability company or other similar entity in which such person directly or indirectly through one or more Subsidiaries of such person has more than a fifty percent (50%) equity interest (it being understood that, for the avoidance of doubt, Arbutus shall not be deemed to be a Subsidiary of Roivant).

Tax and **Taxes** means any (i) federal, provincial, territorial, state, municipal, local, foreign or other taxes, imposts, rates, levies, assessments and other charges in the nature of a tax (and all interest and penalties thereon and additions thereto imposed by any Governmental Entity), including without limitation all income, excise, franchise, gains, capital, real property, goods and services, transfer, value added, gross receipts, windfall profits, severance, ad valorem, personal property, production, sales, use, license, stamp, documentary stamp, mortgage recording, employment, payroll, social security, unemployment, disability, escheat, estimated or withholding taxes, and all customs and import duties, together with all interest, penalties and additions thereto imposed with respect to such amounts, in each case whether disputed or not; (ii) any liability for the payment of any amounts of the type described in clause (i) as a result of being or having been a member of an affiliated, consolidated, combined or unitary group; and (iii) any liability for the payment of any amounts as a result of being party to any tax sharing agreement or arrangement or as a result of any obligation to indemnify any other person with respect to the payment of any amounts of the type described in clause (i) or (ii).

Tax Returns means all returns, schedules, elections, declarations, reports, information returns, notices, forms, statements and other documents made, prepared or filed with any taxing authority or required to be made, prepared or filed with any taxing authority relating to Taxes, including any amendments, attachments and schedules with respect to any of the foregoing.

Third Party Claim has the meaning ascribed to such term in Section 7.7(a).

Trade Secrets has the meaning ascribed to such term in the definition of "Proprietary Rights".

Trademarks means all trade names, logos, trademarks, trade dress, service marks, brand names, corporate trade and business names, certification marks, slogans, logos and other indicia of origin, whether registered or unregistered, and all related registrations and applications for the same (including all translations, adoptions, derivations, and combinations of the foregoing) and all goodwill of the business connected with the use of and symbolized by the foregoing.

Transfer Taxes has the meaning ascribed to such term in Section 9.4.

Transferred Employee means the employees of Genevant Canada listed on Appendix B.

Transition Services Agreement means the transition services agreement between the Company and Arbutus pursuant to which the Company and Arbutus shall provide certain services specified therein to one another, including services to be provided by Arbutus to the Company that are reasonably requested by the Company and that are reasonably necessary for the conduct of the LNP Business in the ordinary course or to effect an orderly and timely transition of the LNP Business from Arbutus to the Company and/or the Company Subsidiaries, which shall include those services set forth on Appendix C attached hereto, in a form to be mutually agreed upon by the Parties, which shall be entered into on the Closing Date pursuant to this Agreement.

United States means the United States of America, its territories and possessions, any State of the United States and the District of Columbia.

U.S. Securities Act means the United States Securities Act of 1933, as amended.

1.2 Construction

As used in this Agreement, (a) each term defined in this Agreement has the meaning assigned to it, (b) each accounting term not otherwise defined in this Agreement has the meaning assigned to it in accordance with GAAP, (c) as the context may require, words in the singular include the plural and words in the plural include the singular, (d) as the context may require, words in the masculine or neuter gender include the masculine, feminine and neuter genders, (e) except as the context may require, all references to Schedules, Appendices or Exhibits refer to Schedules, Appendices or Exhibits delivered herewith or attached hereto (each of which is deemed to be a part of this Agreement), (f) all references to Sections or Articles refer to Sections or Articles of this Agreement, (g) all references to "$" or "dollars" refer to U.S. dollars, (h) whenever this Agreement refers to a number of days, that number shall refer to calendar days unless Business Days are specified and whenever any action must be taken under this Agreement on or by a day that is not a Business Day, then, unless otherwise indicated herein, that action may be validly taken on or by the next day that is a Business Day, and (i) the terms "herein", "hereunder", "hereby", "hereto" and "hereof" and terms of similar import refer to this Agreement in its entirety, and not to any particular Article, Section, paragraph or subparagraph. No provision of this Agreement will be construed in favor of, or against, any of the Parties by reason of the extent to which such Party or its counsel

participated in its drafting or by reason of the extent to which this Agreement or any provision hereof is inconsistent with any prior draft hereof or thereof.

ARTICLE 2- CONTRIBUTION AND SHARE SUBSCRIPTION

2.1 Contribution of Assets and Assumption of Liabilities by Arbutus

(a) On the terms and subject to the conditions set forth in this Agreement, Arbutus hereby agrees and commits, subject only to the satisfaction or written waiver by Arbutus of the conditions precedent set forth in Section 3.2 and Section 3.4, to sell, assign, transfer, convey, contribute and deliver to the Company, and the Company hereby agrees and commits to accept and receive, all of Arbutus' right, title and interests in and to the following assets (collectively, the **LNP Assets**), in each case, free and clear of all Liens (except for Permitted Liens):

(i) all Trademarks used (or held for use) in the course of conduct of the LNP Business, including those set forth on Section 2.1(a)(i) of Appendix D (**LNP Trademarks**);

(ii) all Domain Names used (or held for use) in the course of conduct of the LNP Business, including those set forth on Section 2.1(a)(ii) of Appendix D (**LNP Domain Names**);

(iii) all finished goods and works-in-process, all drug substances, clinical samples, specimens, all raw materials, including active pharmaceutical ingredients in bulk form, primarily used (or primarily held for use) in the development of nucleic acid LNP Technology and GalNAc Technology not specific to HBV or any therapy for HBV, all manufacturing records and all packaging, in each case, in the possession or control of Arbutus or any of its Affiliates and related to such items as of immediately prior to the Closing (collectively, **LNP Inventory**);

(iv) all equipment listed in Section 2.1(a)(iv) of Appendix D;

(v) all product candidates of the LNP Business, other than HBV product candidates;

(vi) all office furniture, laptop computers and desktop computers and related personal property used by the Transferred Employees;

(vii) all research records and lab notes and other similar documentation created or used by the Transferred Employees with respect to the LNP Business;

(viii) all financial, operational, accounting and Tax data and records of the LNP Business;

(ix) all employment records of the Transferred Employees;

(x) all Contracts set forth on Section 2.1(a)(x) of Appendix D (collectively, **LNP Contracts**);

(xi) the right under the Gritstone License Agreement to receive the portion of the Gritstone Revenue equal to the Gritstone Company Revenue;

(xii) the Genevant Shares; and

(xiii) any claims, counterclaims, remedies, rights, consideration or any other similar right relating to the LNP Assets.

(b) The Company shall not acquire pursuant hereto any assets or rights of any kind or nature, real or personal, tangible or intangible, other than as specifically set forth herein, subject in each case to the conditions and rights set forth herein, and Arbutus and its Affiliates shall retain all other assets of Arbutus or its Subsidiaries that are not LNP Assets (collectively, the **Excluded Assets**), including, without limitation, the following:

(i) all Patents;

(ii) all Trade Secrets that are used (or held for use) in the course of conduct of the LNP Business (including the manufacture or use thereof) (**LNP Trade Secrets**);

(iii) all Regulatory Materials, Clinical Data and Know-How used (or held for use) in the conduct of the LNP Business (**LNP Know How**);

(iv) the licenses set forth on Section 2.1(b)(iv) of Appendix E (collectively, **Excluded Licenses**);

(v) all cash and cash equivalents;

(vi) copies of all documents and records containing LNP Trade Secrets, Regulatory Materials, Clinical Data, Know-How, research records, lab notes, financial and employment data and any other data or other documentation included in the LNP Assets to the extent (A) Arbutus or its Subsidiaries are required to retain such copies under applicable Law or (B) such copies are required in connection with the operation and conduct of Arbutus' business other than the LNP Business;

(vii) all rights of Arbutus under this Agreement and the Ancillary Agreements;

(viii) any refund, claim, offset or other right of Arbutus with respect to any Tax arising or resulting from or in connection with the ownership or operation of the LNP Assets attributable to any Tax period ending on or prior to the Closing Date, or, in the case of any Tax period which includes but does not end on the Closing Date, the portion of such period up to and including the Closing Date;

(ix) all rights, including all rights to receive royalties, of Arbutus and its Subsidiaries relating to Patisiran; and

(x) all finished goods and works-in-process, all drug substances, clinical samples, specimens, all raw materials, including active pharmaceutical ingredients in bulk form, primarily used (or primarily held for use) in the development of HBV products, including those HBV products using LNP Technology and GalNac Technology and related to HBV or any therapy for HBV, all manufacturing records and all packaging, in each case, in the possession or control of Arbutus or any of its Affiliates and related to such items as of immediately prior to the Closing;

(xi) any claims, counterclaims, remedies, rights, consideration or any other similar right relating to Excluded Liabilities or Excluded Assets.

(c) Subject to the terms and conditions hereof, as of the Closing Date, the Company shall assume, satisfy, perform, pay, discharge and be liable for the following Liabilities (collectively, the **Assumed Liabilities**):

(i) any and all Liabilities to the extent arising out of the LNP Assets or the prosecution, ownership, operation, maintenance, sale, lease or use of the LNP Assets after the Closing Date;

(ii) all Liabilities under all other LNP Contracts, and compliance with all post-Closing obligations thereunder; *provided*, *however*, that neither the Company nor its Subsidiaries shall assume and neither shall have any obligation to perform, discharge or pay any Liabilities to the extent that such Liabilities arise from any breach of or default under any provision of any of such LNP Contracts prior to the Closing by Arbutus or its Affiliates;

(iii) the technology development obligations of Arbutus pursuant to the Contracts set forth on Section 2.1(c)(iii) of Appendix F; and

(iv) all Liabilities arising from the Inter Partes Review described on Section 2.1(c)(iv) of Appendix F.

(d) The Company shall not assume, or cause to be assumed, or be deemed to have assumed or be liable or responsible for, and Arbutus shall retain, all Liabilities other than the Assumed Liabilities (such retained Liabilities, the **Excluded Liabilities**), including the following:

(i) all Liabilities arising out of or relating to the prosecution, ownership, operation, maintenance, sale, lease or use of the LNP Assets prior to, or as a result of, the Closing;

(ii) all Liabilities under the LNP Contracts that arise from any breach of or default under any provision of any of such LNP Contracts prior to or as a result of the Closing by Arbutus or its Affiliates;

(iii) except for the Company's share of any Transfer Taxes pursuant to Section 9.4, all Taxes of Arbutus for any period and all Taxes attributable to the LNP Business and the LNP Assets in respect of all Tax periods ending on or before the Closing Date or, in the case of any Tax period which includes but does not end on the Closing Date, the portion of such period up to and including the Closing Date;

(iv) all Liabilities relating to Arbutus' employment prior to the Closing Date of the employees, former employees or independent contractors of the LNP Business, including all Transferred Employees;

(v) all Liabilities arising out of, relating to, or otherwise in respect of, the Excluded Assets or any indebtedness of Arbutus or its Affiliates; and

(vi) any and all Liabilities of Arbutus for change-of-control, severance or similar payments, which are payable to the Transferred Employees as a result of or in connection with the transactions contemplated by this Agreement shall be deemed to be Excluded Liabilities for purposes of this Agreement.

(e) The Company shall prepare an allocation of the Subscription Price and the Assumed Liabilities among the LNP Assets and the Employment Contract (the **Allocation Schedule**), which the Company shall deliver to Arbutus and Roivant within sixty (60) days following the Closing. Each of Arbutus and Roivant may notify the Company of any disagreement it may have with any aspect of the Allocation Schedule within thirty (30) days of receipt of the Allocation Schedule, in which case the Parties shall work together in good faith to resolve any such disagreement within thirty (30) days of the date that is the later of the date on which Arbutus or Roivant, as applicable, timely notifies the Company of any disagreement. None of the Parties shall take any position (whether in audits, Tax Returns, or otherwise) that is inconsistent with such allocation except as may be adjusted by subsequent agreement following an audit by the Internal Revenue Service (or by an applicable state or local taxing authority) or by court decision but only as may be adjusted following a "determination" (as such term is defined in Section 1313 of the Code). In the event that the Allocation Schedule (as finally determined pursuant to this Section 2.1(e)) is disputed by any taxing authority, the Party receiving notice of such dispute shall promptly notify the other Party concerning the existence of such dispute and the Parties will consult in good faith as to how to resolve such dispute in a manner consistent with such allocation.

(f) If any of the LNP Assets or the Employment Contract to be assigned hereunder cannot be effectively assigned to the Company without the authorization, approval, consent or waiver by or of a third party and such consent has not been obtained on or prior to the Closing Date, the assignment and transfer thereof shall not become effective until such consent has been obtained, following the Closing, the Parties shall have a continuing obligation to use their reasonable best efforts to cooperate with each other and to obtain promptly all such authorizations, approvals, consents or waivers; provided, that none of Arbutus, Roivant or any of their respective Affiliates shall be required to commence any litigation or offer or grant any material accommodation (financial or otherwise) to any third party to obtain such authorizations, approvals, consents or waivers. Upon obtaining the requisite authorization, approval, consent or waiver, Arbutus or Roivant, as the case may be, shall promptly convey, transfer, assign and deliver, or cause to be conveyed, transferred, assigned and delivered, such LNP Asset or Employment Contract, as the case may be, to the Company hereunder. Pending, or in the absence of, such authorization, approval, consent or waiver, the Parties shall cooperate with each other in any reasonable and lawful arrangements designed to provide to the Company the economic claims, rights and benefits and Liabilities of use of such LNP Assets or the Employment Contract, as the case may be, and Arbutus or Roivant, as applicable, shall continue to perform under or comply with any LNP Contract or License included in the LNP Assets or the Employment Contract, as the case may be, upon the direction of the Company.

(g) If, within twenty-four (24) months following the Closing, the Company reasonably determines that the Excluded Assets include any assets reasonably necessary in order for the Company to operate the LNP Business, Arbutus shall or shall cause its applicable Subsidiary to, and the Parties shall negotiate in good faith to, make such assets available to the Company or its Subsidiaries (through an assignment, license or otherwise) as promptly as reasonably practicable at Arbutus' sole cost and expense, and at no additional cost to the Company.

(h) If at any time following the Closing, Arbutus receives, or comes into possession of, any of the LNP Assets or any receipts, proceeds, checks, securities or other property of any kind comprising, arising out of or derived from the LNP Assets, Arbutus shall immediately deliver it to the Company, with such endorsements, transfers or assignments as may be necessary or useful to ensure that the Company receives the immediate and full benefit thereof. If at any time following the Closing, the Company receives, or comes into possession of, any of the Excluded Assets or any receipts, proceeds, checks, securities or other property of any kind comprising, arising out of or derived from the Excluded Assets, the Company shall immediately deliver it to Arbutus, with such endorsements, transfers or

assignments as may be necessary or useful to ensure that Arbutus receives the immediate and full benefit thereof.

2.2 Payment of Subscription Price and Contribution of Assets by Roivant.

(a) Roivant hereby agrees and commits, subject only to the satisfaction or written waiver by Roivant of the conditions precedent set forth in Section 3.2 and Section 3.3, to (i) pay the Subscription Price in accordance with Section 2.2(b) and (ii) assign, transfer, convey, contribute and deliver to the Company, and the Company hereby agrees and commits to accept and receive, all of Roivant's right, title and interests in and to the Employment Contract free and clear of all Liens (except for Permitted Liens), in full consideration for the Subscription Shares at the Closing.

(b) The Subscription Price shall be paid by Roivant at the Closing by a direct funds transfer or a wire transfer to the Company arranged with the Company in advance.

2.3 Subscription for Common Shares

(a) At the Closing, the Subscription Shares will be issued and registered in the name of Roivant without registration of the Subscription Shares under the U.S. Securities Act or qualified by prospectus under any Securities Law.

(b) At the Closing, the Contribution Shares will be issued by the Company and registered in the name of Arbutus without registration of the Contribution Shares under the U.S. Securities Act or qualified by prospectus under any Securities Law.

ARTICLE 3 - CLOSING

3.1 Closing

Subject to the satisfaction or waiver of all of the conditions set forth in Section 3.2, Section 3.3 and Section 3.4, the transactions contemplated hereby will be completed (the **Closing**) at the offices of the Arbutus' counsel, Orrick, Herrington & Sutcliffe LLP, in New York, New York at 9:30 a.m. (New York time) (the **Closing Time**) within two (2) Business Days of the performance and satisfaction or waiver of the terms and conditions contained in Section 3.2, Section 3.3 and Section 3.4 (other than those conditions that by their nature are to be satisfied at the Closing, but subject to the fulfillment or waiver of those conditions) (the date of such closing, the **Closing Date**), or such other place, date or time as the Parties may agree. If, prior to or at the Closing Time, the terms and conditions contained in Section 3.2, Section 3.3 and Section 3.4 of this Agreement have been complied with to the satisfaction of or waiver by, Arbutus and/or Roivant, as the case may be:

(a) Arbutus shall deliver to Roivant at the Closing Time (i) an executed counterpart to the Bills of Sale and Assignment and Assumption Agreements duly executed by Arbutus; (ii) executed counterparts to the Ancillary Agreements to which Arbutus is a party duly executed by Arbutus; (iii) certificates representing the Genevant Shares, duly endorsed in blank, or accompanied by either stock powers duly executed in blank by Arbutus or such other instruments of transfer as are reasonably acceptable to Roivant, (iv) a certificate in form and substance acceptable to Roivant, dated as of the Closing Date and signed by the Chief Executive Officer and the Chief Financial Officer of Arbutus, in each case, certifying for and on behalf of Arbutus, as the case may be, and not in their personal capacities, that the conditions set forth in Section 3.3(a) and Section 3.3(b) have been satisfied; and (v) such other documentation as may be required pursuant to this Agreement; and

(b) Roivant shall (i) pay the Subscription Price by wire transfer of immediately available funds to the Company at the Closing Time and (ii) deliver to the Company at the Closing Time (A) an executed counterpart to the Bills of Sale and Assignment and Assumption Agreements duly executed by the Company; (B) executed counterparts to the Ancillary Agreements to which Roivant or the Company or any Company Subsidiary is a party duly executed by the Company and/or the Company Subsidiaries, as applicable; (C) a certificate in form and substance acceptable to Arbutus, dated as of the Closing Date and signed by a duly authorized officer of Roivant, in each case certifying for and on behalf of Roivant, as the case may be, and not in their personal capacities, that the conditions set forth in Section 3.4(a) and Section 3.4(b) have been satisfied; and (D) such other documentation as may be required pursuant to this Agreement.

3.2 Mutual Conditions to Closing

The respective obligations of Roivant, the Company and Arbutus to consummate and cause the consummation of the transactions contemplated by this Agreement are subject to the satisfaction or waiver in writing by Roivant and Arbutus at or before the Closing Date of each of the following conditions:

(a) no Law or Order (that has not been vacated, withdrawn or overturned) shall have been issued, enacted, entered, promulgated or enforced having the effect of restraining, enjoining or otherwise prohibiting the transactions contemplated by this Agreement;

(b) the (i) sale of the Subscription Shares and the Contribution Shares by the Company shall be exempt from the requirements as to the filing of a prospectus and as to the preparation of an offering memorandum or similar document contained in any applicable Securities Laws or upon the issuance of such Orders, consents or approvals as may be required to permit such sale without the requirement of filing a prospectus or delivering an offering memorandum or similar document and (ii) offer and sale of the Subscription Shares and Contribution Shares shall be exempt from the registration requirements of the U.S. Securities Act and applicable Securities Laws; and

(c) all consents, waivers, permits, orders or approvals from third parties or Governmental Entities listed on Appendix G shall have expired, been terminated, been made or been obtained.

3.3 Roivant's and the Company's Conditions to Closing

The obligations of Roivant and the Company to consummate and cause the consummation of the transactions contemplated by this Agreement are subject to the satisfaction or waiver by Roivant on or prior to the Closing Date of the following further conditions:

(a) all covenants, agreements and conditions contained in this Agreement to be performed by Arbutus and its Subsidiaries on or prior to the Closing Date shall have been performed or complied with in all material respects;

(b) the Arbutus Fundamental Representations and Warranties shall be true and correct in all respects at the Closing Time, with the force and effect as if made on and as at such Closing Time, and all other representations and warranties of Arbutus contained in this Agreement and in any certificates of Arbutus delivered pursuant to or in connection with this Agreement shall be true and correct (without giving effect to any "material", "materially", "materiality", "Material Adverse Effect", "material adverse effect" or similar qualifiers contained in any of such representations and warranties) in all respects at the Closing Time, with the force and effect as if made on and as at such Closing Time, except for such representations and warranties which are in respect of a specific date in which case such

representations and warranties shall be true and correct, in all material respects (or, if qualified by materiality, in all respects), as of such date, except for such failures to be true and correct that do not have and would not reasonably be expected to have, individually or in the aggregate, a Material Adverse Effect; and

(c) Arbutus shall have delivered or caused to be delivered to Roivant the items set forth in Section 3.1(a).

3.4 Arbutus' Conditions to Closing

The obligations of Arbutus and the Company to consummate and cause the consummation of the transactions contemplated by this Agreement are subject to the satisfaction or waiver by Arbutus on or prior to the Closing Date of the following further conditions:

(a) all covenants, agreements and conditions contained in this Agreement to be performed by Roivant on or prior to the Closing Date shall have been performed or complied with in all material respects;

(b) the Roivant Fundamental Representations and Warranties shall be true and correct in all respects at the Closing Time, with the force and effect as if made on and as at such Closing Time, and all other representations and warranties of Roivant contained in this Agreement and in any certificates of Roivant delivered pursuant to or in connection with this Agreement shall be true and correct (without giving effect to any "material", "materially", "materiality", "material adverse effect" or similar qualifiers contained in any of such representations and warranties) in all respects at the Closing Time, with the force and effect as if made on and as at such Closing Time, except for such representations and warranties which are in respect of a specific date in which case such representations and warranties shall be true and correct, in all material respects (or, if qualified by materiality, in all respects), as of such date, except for such failures to be true and correct that do not have and would not reasonably be expected to have, individually or in the aggregate, a material adverse effect on the ability of the Company or Roivant to consummate the transactions contemplated by this Agreement; and

(c) Roivant shall have paid or delivered or caused to be paid or delivered to Arbutus the items set forth in Section 3.1(b).

ARTICLE 4 - REPRESENTATIONS AND WARRANTIES

4.1 Representations and Warranties of Arbutus

Except as set forth in the disclosure letter delivered by Arbutus to Roivant (the **Disclosure Schedule**) concurrently with the execution of this Agreement, Arbutus hereby represents and warrants to each of the Company and Roivant as follows, with effect as of the date hereof and as of the Closing Time:

(a) **Due Organization, Good Standing and Corporate Power**. Arbutus is duly organized and validly existing under the Laws of British Columbia and Arbutus is in good standing with the corporate governmental authorities of such jurisdiction with respect to the filing of annual returns and such other filings as are necessary to maintain its corporate existence and that Arbutus has full corporate power to conduct its business as such business is now being conducted and is duly qualified or licensed to do business in each jurisdiction in which the nature of its business or the ownership or leasing of its properties makes such qualification or licensing necessary, other than in such jurisdictions where the

failure to be so qualified or licensed and in good standing would not be reasonably likely to have, individually or in the aggregate, a Material Adverse Effect.

(b) **Authorization**. Arbutus has the requisite power and authority to enter into and perform its obligations under the Agreement in accordance with the terms hereof, and the execution and delivery of this Agreement and the performance by Arbutus of its obligations hereunder and the transactions contemplated hereby have been duly authorized by all necessary corporate action of Arbutus and this Agreement has been duly executed and delivered by Arbutus and constitutes a valid and binding obligation of Arbutus, enforceable against Arbutus in accordance with its terms, provided that enforcement thereof may be limited by bankruptcy, insolvency, fraudulent conveyance, reorganization, moratorium or other similar laws affecting creditors' rights generally and general equitable principles (whether considered in a proceeding in equity or at law).

(c) **Noncontravention**. The execution and delivery of this Agreement, the consummation of the transactions contemplated by this Agreement will not (i) conflict with any term or provision of the organizational documents or by-laws (or comparable documents) of Arbutus, as amended to the date of this Agreement, (ii) contravene any Securities Laws or any other Laws or Orders applicable to Arbutus that are currently in effect or (iii) conflict in any material respect with, result in a material breach of or default under (with or without notice or lapse of time, or both) give rise to a right of termination, cancellation or acceleration of any obligation or to loss of a benefit under, or result in the creation of any Lien upon any of the properties or assets of Arbutus under, any Contract to which Arbutus is a party or by which Arbutus or any of its assets is bound or subject. The consummation of the transactions contemplated by this Agreement will not result in any impairment on the rights of the Company to use the LNP Assets on the same economic terms as they were used by Arbutus prior to the Closing.

(d) **Consents**. The execution and delivery of this Agreement and the fulfillment of the transactions contemplated hereby do not, and will not, require the consent, approval, authorization, registration, filing or qualification of or with any Governmental Entity or other third party by Arbutus.

(e) **Title and Ownership of Genevant Shares**. The Genevant Shares have been duly authorized and validly issued and are fully paid and non-assessable shares of Genevant Canada, and Arbutus owns the Genevant Shares free and clear of any Liens, rights of first refusal or any kind of transfer restrictions other than as required by applicable Securities Laws. No person now has any agreement or option or right or privilege (whether at Law, pre-emptive or contractual) capable of becoming an agreement for the purchase, subscription or issuance of, or conversion into, any unissued shares, securities, warrants or convertible obligations of any nature of Genevant Canada. All of the issued and outstanding capital stock of Genevant Canada is owned directly by Arbutus free and clear of any Liens of any kind. Genevant Canada was formed solely for the purpose of engaging in the transactions contemplated by this Agreement and has not owned any assets or engaged in any business activities or conducted any operations, and has not incurred any Liabilities other than in connection with such transactions.

(f) **Title and Ownership**. Arbutus has the absolute legal and beneficial ownership of and has good and marketable title to, or in the case of leased assets, a valid leasehold interest in, the LNP Assets (other than all Proprietary Rights included in the LNP Assets, which are owned or licensed by Arbutus as described in Section 4.1(k) of this Agreement), free and clear of all Liens (except for Permitted Liens). Assuming all required consents of Third Parties set forth on Section 4.1(c)(iii) or Section 4.1(d) of the Disclosure Schedule have been obtained and except for (i) any employees providing services to the LNP Business, other than the Transferred Employees, (ii) the Excluded Assets (including the LNP Propriety Rights, which will be licensed to the Company pursuant to the License Agreement), and (iii) any services made available to the Company and its Affiliates pursuant to the Transition Services Agreement and the

Sub-Lease, the sale and transfer of the LNP Assets will constitute a conveyance to the Company, free and clear of all Liens, other than Permitted Liens, of all assets, properties, interests and rights (including real property and tangible and intangible personal property) owned , used or held for use in the conduct of the LNP Business as conducted on the Closing Date.

(g) **Licenses**. All licenses, registrations, qualifications, permits and consents issued by any Governmental Entity held by Arbutus in connection with the LNP Business that are included in the LNP Assets (collectively, the **Licenses**) are valid and subsisting and in good standing in all material respects, and Arbutus is in material compliance with all terms of such Licenses and has not received a notice of non-compliance with any such Licenses.

(h) **Litigation**. There are no actions, suits, proceedings, inquiries or, to Arbutus' knowledge, investigations existing, or, to Arbutus' knowledge, pending or threatened against Arbutus or the LNP Business, the LNP Assets or the Assumed Liabilities, at Law or equity, or before or by any court, federal, provincial, state, municipal or other governmental department, commission, board, bureau, agency or instrumentality, domestic or foreign, which, either separately or in the aggregate, have had or would reasonably be expected to have a Material Adverse Effect on the LNP Business, the LNP Assets or the Assumed Liabilities.

(i) **Compliance with Laws**. Arbutus and its Subsidiaries are not currently conducting and have not, for the past three (3) years, conducted the LNP Business in material violation of any Law or Order applicable to the LNP Business, the LNP Assets or the Assumed Liabilities. In the past three (3) years, neither Arbutus nor any of its Subsidiaries has received any written notice that any violation of the foregoing is being or may be alleged.

(j) **LNP Contracts**. Neither Arbutus nor any its Subsidiaries, nor, to the knowledge of Arbutus, any other person, is in default in the observance or performance of any material term, covenant or obligation to be performed by Arbutus or any of its Subsidiaries or such other person, as applicable, under any LNP Contract, and all such LNP Contracts are in full force and effect and are legal, valid and binding obligations of Arbutus or one or more of its Subsidiaries and each of the other parties thereto, enforceable in accordance with the terms thereof, except to the extent that its enforceability may be limited by bankruptcy, insolvency, fraudulent conveyance, reorganization, moratorium or other similar laws affecting creditors' rights generally and general equitable principles (whether considered in a proceeding in equity or at law), and no event, circumstance, development, change or effect has occurred which with notice or lapse of time or both would constitute such a default thereunder by Arbutus or any of its Subsidiaries or any other party. Arbutus is not a party to or bound by any non-competition agreement or any other agreement, obligation or Order that purports to (i) limit the manner or the localities in which all or any material portion of the LNP Business is conducted, or (ii) restrict any acquisition or disposition of any of the LNP Assets in any material respect after giving effect to this Agreement.

(k) **Intellectual Property**.

(i) Section 4.1(k)(i) of the Disclosure Schedule sets forth a true and complete list of all Patents, Trademarks, Copyrights and Licensed IP that are used (or held for use) in the LNP Business and all of the foregoing (as well as any other Proprietary Rights used (or held for use) in the LNP Business that are not LNP Assets) will, as of the Closing, will be licensed to the Company pursuant to the License Agreement. To Arbutus' knowledge, all Company IP is valid, enforceable, and subsisting. Arbutus owns and possesses, and the Company will

immediately after the Closing Time own and possess (or otherwise have the right to use (or hold for use) or exploit pursuant to the License Agreement) all LNP Proprietary Rights as such LNP Proprietary Rights are used (or held for use) and exploited prior to the Closing Time in the LNP Business, in each case, to the same extent and in the same manner as Arbutus would have had had the transactions contemplated by this Agreement and the Ancillary Agreements not occurred, and without the payment of any additional consideration as a result thereof (except as set forth in the License Agreement), and without the necessity of any Third Party consent as a result thereof.

(ii) Arbutus is the sole legal and beneficial owner of, has good and marketable title to, and exclusively owns and possesses all right, title and interest in and to all the Company IP free and clear of all Liens (except for Permitted Liens). Arbutus has not assigned, licensed or otherwise conveyed any rights or immunities in, to, or under any Proprietary Rights that would otherwise constitute Company IP to any third party.

(iii) Section 4.1(k)(iii) of the Disclosure Schedule contains a true and complete list of all Licensed IP licensed to Arbutus. Arbutus has the right to use and exploit the Licensed IP as such Licensed IP is used in the conduct of the LNP Business as of the Closing Time, and each Contract with respect to the Licensed IP is valid and subsisting and in good standing and there is no default thereunder by Arbutus or, to Arbutus' knowledge, by any licensor.

(iv) The LNP Proprietary Rights are in full force and effect and have not been used, enforced or not enforced in a manner that would result in their abandonment, cancellation or unenforceability. There is no action, proceeding, investigation, or claim pending or that has been asserted in writing against Arbutus or, to Arbutus' knowledge, threatened against Arbutus alleging adverse ownership, invalidity or other opposition to, or any conflict with, any of the LNP Proprietary Rights. To Arbutus' knowledge, Arbutus' use of the LNP Technology and LNP Proprietary Rights, and the conduct of the LNP Business, as currently conducted, do not and have not infringed, misappropriated, or otherwise violated any Proprietary Rights of any third party.

(v) To Arbutus' knowledge, Arbutus has not received in the past three (3) years any notice or claim (whether written, oral or otherwise and including invitations to license) challenging Arbutus' ownership of or right to use or the validity or enforceability of any LNP Proprietary Rights or claiming that any other person has any claim of legal or beneficial ownership or other claim or interest with respect thereto and to Arbutus' knowledge, there is no reasonable basis for any claim.

(vi) No consent of any person is necessary to make, use, reproduce, license, sell, modify, update, enhance or otherwise exploit any Company IP and none of the Company IP comprises an improvement to any Licensed IP that would give any person any rights to the Company IP, including, without limitation, rights to license the Company IP.

(vii) Arbutus has used commercially reasonably efforts (including measures to protect secrecy and confidentiality, where appropriate) to protect its trade secrets and

other LNP Proprietary Rights and confidential information. Without limiting the generality of the foregoing, to the extent that any of the Company IP is licensed or disclosed to a third party or any third party has access to such the Company IP (including but not limited to any employee, officer, shareholder, consultant, systems-integrator, distributor or other customer of the Company), Arbutus has entered into a valid and enforceable written agreement which contains terms and conditions prohibiting the unauthorized use, disclosure, reverse engineering or transfer of such the Company IP by such third party. All such agreements are in full force and effect and no such third party, to Arbutus' knowledge, is in default of its obligations thereunder.

(viii) Arbutus is not a party to any options, licenses, agreements, claims, encumbrances or shared ownership interest of any kind relating to LNP Proprietary Rights, nor is Arbutus bound by or a party to any options, leases or agreements of any kind with respect to the Proprietary Rights of any other person.

(ix) To Arbutus' knowledge, Arbutus has obtained and possess valid licenses to use all of the software programs provided to its employees for their use in connection with the Arbutus Proprietary Rights and present on the computer and other software-enabled electronic devices that it owns or leases or that it has otherwise provided to its employees for their use in connection with Arbutus' business.

(x) To Arbutus' knowledge, it will not be necessary to use any inventions of any of its employees or consultants made prior to their employment by Arbutus and there are no inventions of any employees or consultants who are not Transferred Employees that are used in the LNP Business, but which have not been assigned to the Company pursuant to this Agreement.

(xi) To Arbutus' knowledge, Arbutus has not used any open source, copyleft or community source code in a manner that would require (or purport to require) the distribution or disclosure of the source code of proprietary software of Arbutus.

(xii) The representations and warranties in this Section 4.1(k) are the sole and exclusive representations and warranties of Arbutus concerning Company IP and Licensed IP.

(l) **Leased Real Property**. The Burnaby Lease is valid and binding and has not been terminated or repudiated by any party thereto. True and complete copies, including all amendments thereto, of the Burnaby Lease have been delivered or made available to Roivant. Arbutus or one of its Subsidiaries has been in peaceable possession since the commencement of the original term of the Burnaby Lease and neither Arbutus nor any of its Subsidiaries is in default thereunder and there exists no default or event, occurrence, condition or act (including the transactions contemplated by this Agreement) in respect of or on the part of Arbutus or any of its Subsidiaries which, with the giving of notice, the lapse of time or the happening of any further event or condition, would become a default or event of default under the Burnaby Lease, other than any such default or event of default which has not had and would not reasonably be expected to have, individually or in the aggregate, a Material Adverse Effect.

(m) **Benefits; Labor**.

(i) Except for employment relationships and compensation, benefits, travel advances and employee loans in the ordinary course of business to any officer, director or

employee of Arbutus or any of its Subsidiaries, to the knowledge of Arbutus, there is no Contract relating to the LNP Business, the LNP Assets or the Assumed Liabilities between (A) Arbutus or any of its Subsidiaries on the one hand and (B) officer, member, partner or director of Arbutus or any of its Subsidiaries on the other hand. To the knowledge of Arbutus, none of the persons referred to in the immediately preceding clauses (A) or (B) or any family member of the foregoing persons possesses, directly or indirectly, any financial interest in or is a director, officer, manager or employee of any person which is a client, supplier, customer, lessor, lessee, financial source or competitor of potential competitor of Arbutus or its Affiliates in respect of the LNP Business or has any other commercial or business relationship with Arbutus or its Affiliates in respect of the LNP Business. Ownership of securities of a company whose securities are registered under the Securities Exchange Act of 1934, as amended, of one percent (1%) or less of any class of such securities shall not be deemed to be a financial interest for purposes of this Section 4.1(m)(i).

(ii) With respect to each Employee Benefit Plan: (A) each Employee Benefit Plan has been established, registered and maintained in compliance with its terms and the requirements of all applicable Laws (including relevant tax authorities where such registration is required to qualify for tax exemption or other beneficial tax status), except for any noncompliance that does not and would not result, individually or in the aggregate, in a material Liability of Arbutus or its Subsidiaries, and all material employer and employee obligations including contributions and payments required to be made under any Employee Benefit Plan or related agreement have been made in a timely fashion or has been reflected on the most recent balance sheet filed prior to the date hereof or accrued in the accounting records of Arbutus and its Subsidiaries; (B) there are no unfunded obligations of Arbutus or any of its Subsidiaries under any Employee Benefit Plan; and (C) neither Arbutus nor its Subsidiaries have received any order or notice under applicable Laws that require or propose to require Arbutus or its Subsidiaries to take (or refrain from taking) any action in respect of an Employee Benefit Plan and no event has occurred and no circumstance exists that could reasonably result in any Employee Benefit Plan being ordered or required to be terminated or wound up in whole or in part, having its registration revoked, or having to pay any taxes or penalties. Neither Arbutus nor any Subsidiary of Arbutus maintains, sponsors contributes to, has any liability or has ever maintained, sponsored or contributed or had any liability with respect to any defined benefit pension plan.

(iii) Neither Arbutus nor any of its Subsidiaries is a party to, bound by, negotiating or required to negotiate any collective bargaining agreement or other agreement with a labor union or other labor organization in connection with the Transferred Employees. No Transferred Employees are represented by any labor union or other labor organization. There are no activities or proceedings of any labor union or other labor organization to organize any Transferred Employees and no demand for recognition or certification as the exclusive bargaining representative of any Transferred Employees has been made by or on behalf of any labor union or other labor organization. There are no pending or, to the knowledge of Arbutus, threatened, and, in the three year period prior to the date hereof, there have been no, strikes, lockouts, union organization activities (including, but not limited to, union organization campaigns or requests for representation), pickets,

slowdowns, stoppages, material grievances or collective labor disputes or similar activity in respect of the LNP Business that may, individually or in the aggregate, interfere in any material respect with the LNP Business. Arbutus and each of its Subsidiaries are not engaged in and, in the three year period prior to the date hereof, have not engaged in any unfair labor practice in connection with the LNP Business that has resulted or could reasonably be expected to result, individually or in the aggregate, in any material liability to Arbutus or any of its Subsidiaries.

(iv) In the conduct of the LNP Business, Arbutus and each of its Subsidiaries is, and, in the three years prior to the date hereof has been, in compliance in all material respects with all applicable Laws respecting labor, employment, fair employment practices (including equal employment opportunity laws), terms and conditions of employment, classification of employees, workers' compensation, occupational safety and health, immigration, affirmative action, employee and data privacy, plant closings, and wages and hours. There is no pending or, to the knowledge of Arbutus, threatened charge, complaint, arbitration, audit or investigation brought by or on behalf of, or otherwise involving, any current or former employee, any person alleged to be a current or former employee, any applicant for employment, or any class of the foregoing, in each case, to the extent such employee was engaged in or an applicant for a position in the LNP Business or any Governmental Entity, that involve the labor or employment relations and practices of Arbutus or any of its Subsidiaries in conducting the LNP Business that could reasonably be expected to result, individually or in the aggregate, in any material Liability to the Company or any of its Subsidiaries.

(v) None of the execution and delivery of this Agreement, the approval of this Agreement or the consummation of the transactions contemplated hereby could, either alone or in combination with another event, (A) entitle any Transferred Employee to severance pay or any material increase in severance pay, (B) accelerate the time of payment or vesting, or materially increase the amount of compensation due to any such Transferred Employee, (C) directly or indirectly cause the Company to transfer or set aside any assets to fund any material benefits under any Employee Benefit Plan, (D) otherwise give rise to any material liability under any Employee Benefit Plan, (E) limit or restrict the right to merge, materially amend, terminate or transfer the assets of any Employee Benefit Plan on or following the Closing, (F) require a "gross-up," indemnification for, or payment to any Transferred Employee for any taxes imposed, or (G) result in the payment to any Transferred Employee of any amount that could, individually or in combination with any other such payment, constitute (if the Code were to apply) an "excess parachute payment" as defined in Section 280G(b)(1) of the Code.

(n) **Tax Matters**.

(i) Arbutus has timely filed (after giving effect to any valid extensions of time in which to make such filing) all income and other material Tax Returns required to have been filed and has paid all Taxes shown as due on such Tax Returns, and such Tax Returns are true, complete and correct in all respects, in each case with respect to the LNP Assets and the LNP Business.

(ii) Arbutus has timely paid all material Taxes (whether or not shown or required to be shown on any Tax Return) due and payable with respect to the LNP Assets and the LNP Business.

(iii) Arbutus has withheld and timely paid all material Taxes required to have been withheld and paid by it (including all sales, use, value added, goods and services, and similar Taxes required to be collected) with respect to the LNP Assets and the LNP Business, and all such payments have been properly reported to Governmental Entities in accordance with applicable Law.

(iv) In each case, with respect to the LNP Assets or the LNP Business, no Tax audits or judicial proceedings are being conducted, pending, or threatened in writing, and no written Claim has been asserted by any Governmental Entity for any material amount of Taxes that has not been paid in full, abated or adequately provided for in the financial records of LNP Business.

(v) Arbutus has not waived any statute of limitations in respect of Taxes or agreed to any extension of time with respect to a Tax assessment or deficiency, in each case, (A) with respect to the LNP Assets or the LNP Business and (B) which has not expired.

(vi) There are no Liens on any of the LNP Assets or the LNP Business that arose in connection with any failure (or alleged failure) to pay any Tax.

(vii) Arbutus is not a party to or bound by any obligation under any Tax sharing, Tax allocation, Tax indemnity or similar agreement or arrangement of any kind with respect to the LNP Assets or the LNP Business.

(viii) No Claim for assessment or collection of Taxes related to the LNP Assets or the LNP Business has been or is presently being asserted or is otherwise outstanding against Arbutus and there is no Claim by any taxing authority pending or threatened against Arbutus related to the LNP Assets or the LNP Business.

(ix) None of the LNP Assets constitutes a “United States real property interest” within the meaning of Section 897 of the Code.

(x) As of the date hereof, to the knowledge of Arbutus, neither Arbutus nor any direct owner of Arbutus currently is, or will be after the consummation of the transactions contemplated by this Agreement, a United States person (as defined in Section 957(c) of the Code) that holds directly (or in the case of any direct owner of Arbutus, indirectly through Arbutus) more than 9.9% of the total combined voting power or value of the Company’s issued share capital or of any Subsidiary’s issued share capital, provided that the ownership of the total combined voting power shall be determined with respect to Arbutus and any direct owner of Arbutus by the application of the rules for determining stock ownership under Section 958 of the U.S. Code (without giving effect to the repeal of Section 958(b)(4) pursuant to the U.S. Tax Cuts and Jobs Act) based on direct ownership (or in the case of any direct owner of Arbutus, indirect ownership) of the Company’s issued share capital or of any Subsidiary’s issued share capital.

(o) **Brokers**. There is no person acting at the request of Arbutus who is entitled to any brokerage or finder's fee.

(p) **Accredited Investor**. As of the date of execution of this Agreement and as of the Closing Time, as the case may be, Arbutus is an "accredited investor" as defined in National Instrument 45-106 - *Prospectus Exemptions,* and Arbutus agrees to furnish any additional information requested by the Company or any of its Affiliates to assure compliance with applicable Securities Laws in connection with the purchase and sale of the Contribution Shares.

(q) **Investment Intent**. Arbutus is acquiring the Contribution Shares as principal for its own account, for investment purposes, and not for the benefit of any other person (within the meaning of applicable Securities Laws) and not with a view to, or for resale in connection with, any distribution of the Contribution Shares.

(r) **Due Diligence**. Arbutus' decision to purchase the Contribution Shares was not based upon, and Arbutus has not relied upon, any representations as to facts made by or on behalf of the Company or Roivant, other than the representations and warranties of the Company and Roivant under this Agreement, including the Appendices and the Exhibits hereto, or in any certificate delivered pursuant to this Agreement.

(s) **Non-Reliance**. Arbutus has relied solely on the representations and warranties of Roivant expressly and specifically set forth in Section 4.2 or in the Ancillary Agreements and has not relied on any other representations, warranties or statements (including by omission) of any kind or nature, whether written or oral, expressed or implied, statutory or otherwise of Roivant as to any matter concerning Roivant or the Company, any of their Subsidiaries or in connection with this Agreement or the transactions contemplated by this Agreement, or with respect to the accuracy or completeness of any information provided to (or otherwise acquired by) Arbutus in connection with this Agreement or the transactions contemplated by this Agreement (including, for the avoidance of doubt, any statements, information, documents, projections, forecasts or other materials made available to Arbutus).

4.2 Representations and Warranties of Roivant

Concurrently with the execution of this Agreement, Roivant hereby represents and warrants to Arbutus as follows, with effect as of the date hereof and as of the Closing Time:

(a) **Due Organization, Good Standing and Corporate Power**. Each of Roivant, the Company and the Company Subsidiaries is duly organized and validly existing under the Laws of the jurisdiction of incorporation and each of Roivant, the Company and the Company Subsidiaries is in good standing with the corporate governmental authorities of such jurisdiction with respect to the filing of annual returns and such other filings as are necessary to maintain its corporate existence and is duly qualified or licensed to do business in each jurisdiction in which the nature of its business or the ownership or leasing of its properties makes such qualification or licensing necessary, other than in such jurisdictions where the failure to be so qualified or licensed and in good standing does not have and would not reasonably be expected to have, individually or in the aggregate, a material adverse effect on the ability of the Company or Roivant to consummate the transactions contemplated by this Agreement.

(b) **Authorization**. Each of Roivant and the Company has the requisite power and authority to enter into and perform its obligations under the Agreement in accordance with the terms hereof, and the execution and delivery of this Agreement and the performance by each of Roivant and the Company of its obligations hereunder and the transactions contemplated hereby have been duly authorized by all necessary corporate action of Roivant and the Company, as applicable, and this

Agreement has been duly executed and delivered by Roivant and the Company and constitutes a valid and binding obligation of Roivant and the Company, enforceable against Roivant and the Company in accordance with its terms, provided that enforcement thereof may be limited by bankruptcy, insolvency, fraudulent conveyance, reorganization, moratorium or other similar laws affecting creditors' rights generally and general equitable principles (whether considered in a proceeding in equity or at law).

(c) **Noncontravention**. The execution and delivery of this Agreement, the consummation of the transactions contemplated by this Agreement will not (i) conflict with any term or provision of the memorandum of association or bye-laws (or comparable documents) of Roivant or the Company, in each case, as amended to the date of this Agreement (it being understood that the authorized capital stock of the Company shall be increased to reflect the capitalization described in Section 4.2(e) prior to the Closing), (ii) contravene any Securities Laws or any other Laws or Orders applicable to Roivant or the Company that are currently in effect or (iii) conflict with, result in a breach of or default under (with or without notice or lapse of time, or both) give rise to a right of termination, cancellation or acceleration of any obligation or to loss of a benefit under, or result in the creation of any Lien upon any of the properties or assets of Roivant or the Company under, any Contract to which Roivant or the Company is a party or by which Roivant or the Company or any of their respective assets is bound or subject.

(d) **Consents**. The execution and delivery of this Agreement and the fulfillment of the transactions contemplated hereby and the issuance, sale and delivery of the Contribution Shares and the Subscription Shares do not, and will not, require the consent, approval, authorization, registration, filing or qualification of or with any Governmental Entity or other third party by Roivant or the Company, except for (i) any filings required by Securities Laws, which have been made or will be made in a timely manner and (ii) the permission for the issue of the Contribution Shares to Arbutus from the Bermuda Monetary Authority under the Exchange Control Act of 1972 (and associated regulations) of Bermuda which will be obtained prior to the Closing.

(e) **Capitalization; No Subsidiaries**.

(i) The authorized capital stock of the Company at the Closing shall consist of 1,000,000,000 Common Shares with $0.00001 par value per share. Immediately following the Closing, after giving effect to the issuance of the Contribution Shares and the Subscription Shares, there will be 950,000,000 Common Shares issued and outstanding, with 5,000,000 Common Shares reserved for issuance pursuant to the 2018 Equity Incentive Plan.

(ii) Except for the Company Subsidiaries, the Company has no other Subsidiaries. \

(f) **Contribution Shares**. All necessary corporate action will have been taken to validly create, authorize, reserve and issue the Contribution Shares and, upon the consummation of the contribution of the LNP Assets to the Company, the Contribution Shares shall, when issued, be duly authorized, validly issued, fully paid and non-assessable Common Shares of the Company, which shall be free and clear of any Liens, rights of first refusal or any kind of transfer restrictions other than as required by applicable Securities Laws and the holder of such Contribution Shares shall be entitled to all rights afforded to a holder of Common Shares. No person now has any agreement or option or right or privilege (whether at Law, pre-emptive or contractual) capable of becoming an agreement for the purchase, subscription or issuance of, or conversion into, any unissued shares, securities, warrants or convertible obligations of any nature of the Company or any of the Company Subsidiaries. All of the issued and outstanding capital stock of the Company is owned directly by Roivant free and clear of any Liens of any kind.

(g) **Company**. The Company was formed solely for the purpose of engaging in the transactions contemplated by this Agreement and has not owned any assets or engaged in any business activities or conducted any operations, and has not incurred any Liabilities, other than in connection with such transactions (including the entry into certain employment Contracts by its Subsidiaries in connection with the LNP Business).

(h) **Brokers**. There is no person acting or purporting to act at the request of Roivant who is entitled to any brokerage or finder's fee.

(i) **Accredited Investor**. As of the date of execution of this Agreement and as of the Closing Time, as the case may be, Roivant is an "accredited investor" as defined in Rule 501(a) of Regulation D and. Roivant agrees to furnish any additional information requested by the Company or any of its Affiliates to assure compliance with applicable Securities Laws in connection with the purchase and sale of the Subscription Shares.

(j) **Investment Intent**. Roivant is subscribing for the Subscription Shares as principal for its own account, for investment purposes, and not for the benefit of any other person (within the meaning of applicable Securities Laws) and not with a view to, or for resale in connection with, any distribution of the Subscription Shares.

(k) **Non-Reliance**. Roivant has relied solely on the representations and warranties of Arbutus expressly and specifically set forth in Section 4.1 or in the Ancillary Agreements, as qualified by the Disclosure Schedule, and has not relied on any other representations, warranties or statements (including by omission) of any kind or nature, whether written or oral, expressed or implied, statutory or otherwise of Arbutus as to any matter concerning Arbutus, any of its Subsidiaries or the LNP Business or in connection with this Agreement or the transactions contemplated by this Agreement, or with respect to the accuracy or completeness of any information provided to (or otherwise acquired by) Roivant in connection with this Agreement or the transactions contemplated by this Agreement (including, for the avoidance of doubt, any statements, information, documents, projections, forecasts or other materials made available to Roivant).

(l) **Certain Contracts**. Neither Roivant nor any its Subsidiaries, nor, to the knowledge of Roivant, any other person, is in default in the observance or performance of any material term, covenant or obligation to be performed by Roivant or any of its Subsidiaries or such other person, as applicable, under the Employment Contract, and the Employment Contract is in full force and effect and is a legal, valid and binding obligation of Roivant or one or more of its Subsidiaries and the other party thereto, enforceable in accordance with the terms thereof, except to the extent that its enforceability may be limited by bankruptcy, insolvency, fraudulent conveyance, reorganization, moratorium or other similar laws affecting creditors' rights generally and general equitable principles (whether considered in a proceeding in equity or at law), and no event, circumstance, development, change or effect has occurred which with notice or lapse of time or both would constitute such a default thereunder by Roivant or any of its Subsidiaries or any other party.

ARTICLE 5 - ACKNOWLEDGEMENTS AND COVENANTS

5.1 Covenants of Arbutus Relating to the Conduct of the LNP Business

Arbutus hereby covenants and agrees with Roivant that at all times from the date of this Agreement until the Closing Date, unless both Arbutus and Roivant shall otherwise agree in writing or as otherwise expressly contemplated or permitted by this Agreement, Arbutus shall and shall cause each of its Subsidiaries to:

(a) conduct the LNP Business and maintain the LNP Business and the LNP Assets, and not take any action except, in the usual, ordinary and regular course of business consistent with past practice and in compliance with applicable Laws;

(b) use commercially reasonable efforts to preserve intact the LNP Business, the LNP Assets and goodwill, maintain its real property interests (including title to, and leasehold interests in respect of, any real property used primarily in the operation or conduct of the LNP Business) in good standing, keep available the services of the Transferred Employees and preserve the current material relationships with suppliers, senior employees, consultants, customers and others having business relationships with it, in each case except in accordance with the usual, ordinary course of business consistent with past practices;

(c) duly and timely file all Tax Returns required to be filed by it or any of its Subsidiaries on or after the date hereof and all such Tax Returns will be true, complete and correct in all respects;

(d) timely withhold, collect, remit and pay all Taxes which are to be withheld, collected, remitted or paid by it or any of its Subsidiaries to the extent due and payable;

(e) not:

(i) sell, pledge, lease, license, sublicense, covenant not to assert, dispose of, abandon, allow to lapse, cancel or otherwise dispose of any LNP Assets (including, for the avoidance of doubt, any LNP Proprietary Rights);

(ii) incur, create, assume, modify or otherwise become liable for, any indebtedness for borrowed money or any other Liability pertaining to the LNP Assets or the LNP Business or permit any of the LNP Assets to be subject to any Lien;

(iii) other than as required by Law, enter into, terminate, modify or amend in any material respect any LNP Contract or the Burnaby Lease;

(iv) pay, discharge, settle or satisfy any Assumed Liabilities, other than payments, discharges, settlements or satisfactions in the ordinary course of business and consistent with past practice, or enter into, amend, modify or change any Contract or transaction that would constitute an Assumed Liability; or

(v) make any bonus, profit sharing, pension, retirement or insurance arrangement with any Transferred Employee, increase the compensation payable (including wages, salaries, bonuses or any other remuneration) or to become payable to any Transferred Employee or establish, adopt, enter into, amend or terminate any Employee Benefit Plan or any other plan, agreement, policy or arrangement for the benefit of any Transferred Employee;

(f) announce an intention, enter into any formal or informal agreement, or otherwise make a commitment to do any of the things prohibited by any of the foregoing subsections; and

(g) Arbutus shall keep, or cause its Subsidiaries to keep, all insurance policies currently maintained with respect to the LNP Business, or suitable replacements or renewals, in full force and effect through the close of business on the Closing Date.

5.2 Acknowledgments and Covenants of Arbutus and Roivant

As applicable, each of Arbutus and Roivant hereby acknowledge, covenant and agree as to itself as follows:

a. there are risks associated with the purchase of the Contribution Shares and the Subscription Shares, as the case may be, including the risks outlined in this Agreement. Each of Arbutus and Roivant has such knowledge, skill and experience in business, financial and investment matters that the undersigned is capable of evaluating the merits and risks of an investment in the Contribution Shares and the Subscription Shares. Each of Arbutus and Roivant have been afforded the opportunity to conduct a due diligence review of information concerning this investment so as to allow it to make an informed investment decision prior to its investment. Additionally, with the assistance of Arbutus' and Roivant's own professional advisors, to the extent that each Party has deemed appropriate, each of Arbutus and Roivant has made its own legal, tax, accounting and financial evaluation of the merits and risks of an investment in the Contribution Shares and the Subscription Shares, respectively, and the consequences of this Agreement. Each of Arbutus and Roivant has considered the suitability of the Contribution Shares and the Subscription Shares, respectively, as an investment in light of its own circumstances and financial condition and each Party is able to bear the risks associated with an investment in the Contribution Shares and the Subscription Shares and its authority to invest in the Contribution Shares and the Subscription Shares;

b. if required by applicable Securities Laws or the Company, each of Arbutus and Roivant agreed to execute, deliver and file or assist the Company in filing such reports, undertakings and other documents with respect to the issue and/or sale of the Contribution Shares and the Subscription Shares, as the case may be, as may be required by any securities commission or other regulatory authority;

c. there are restrictions on Arbutus' and Roivant's ability to resell the Contribution Shares and the Subscription Shares, respectively, and it is the responsibility of each of Arbutus and Roivant to find out what those restrictions are and to comply with them before selling the Contribution Share and the Subscription Shares. The Contribution Shares and the Subscription Shares will be subject to the restrictions on transfer as set forth in this Agreement, the Shareholders Agreement and under applicable Securities Laws. Each of Arbutus and Roivant has been advised to consult its own legal advisors with respect to trading in the Contribution Shares and the Subscription Shares, as the case may be, and with respect to the resale restrictions imposed by the Securities Laws of the state, province or territory in which such Party resides and other applicable Securities Laws, and acknowledges that no representation has been made respecting the applicable hold periods imposed by the Securities Laws or other resale restrictions applicable to such securities which restrict the ability of such Party to resell such securities, that each of Arbutus and Roivant is solely responsible to find out what these restrictions are and each such Party is solely responsible (and the Company is in no way responsible) for compliance with applicable resale restrictions and each such Party is aware that it may not be able to resell such securities except in accordance with limited exemptions under the Securities Laws and other applicable Securities Laws;

d. no prospectus or registration statement has been filed by the Company with any securities regulatory authorities in connection with the issuance of the Contribution Shares or the Subscription Shares, the sale of the Contribution Shares and the Subscription Shares is conditional upon such sale being exempt from the requirements to file and obtain a receipt for a prospectus, to file and make effective a registration statement or to deliver an offering memorandum with this Agreement and the requirement to be a registered dealer, and as a consequence of acquiring the Contribution Shares and the Subscription Shares pursuant to such exemptions:

i. certain protections, rights and remedies provided by the Securities Laws including certain statutory rights of rescission or damages and certain statutory remedies against an issuer, underwriters, auditors, directors and officers that are available to investors who acquire securities offered by a prospectus or registration statement, may not be available to Arbutus or Roivant;

ii. the common law may not provide investors with an adequate remedy in the event that they suffer investment losses in connection with securities acquired in a private placement;

iii. Arbutus and Roivant may not receive certain information that would otherwise be required to be given under the Securities Laws; and

iv. the Company is relieved from certain obligations that would otherwise apply under the Securities Laws;

e. each of Arbutus and Roivant represents and warrants as to itself that none of the funds or other assets being used to purchase the Contribution Shares or the Subscription Shares, as the case may be, are, to such Party's knowledge, proceeds obtained or derived, directly or indirectly, as a result of illegal activities and that:

i. the funds being used to purchase the Contribution Shares or the Subscription Shares and advanced by or on behalf of Arbutus and Roivant, respectively, do not represent proceeds of crime or otherwise result in a violation of any applicable anti-money laundering Laws or regulations including, without limitation, the *Proceeds of Crime (Money Laundering) and Terrorist Financing Act* (Canada) (the **PCMLTFA**) and the *Common Sharing and Strengthening America by Providing Appropriate Tools Required to Intercept and Obstruct Terrorism Act* (the **Patriot Act**); and

ii. Arbutus and Roivant, as the case may be, is not a person or entity identified on a list established under section 83.05 of the *Criminal Code* (Canada) (the **Criminal Code**); and

f. each of Arbutus and Roivant acknowledges and agrees as to itself that (i) the Company or their agents may in the future be required by law to disclose Arbutus' or Roivant's name and other information relating to such Party and any purchase of the Contribution Shares or the Subscription Shares, on a confidential basis, pursuant to the Criminal Code, PCMLTFA, the Patriot Act or as otherwise may be required by applicable Laws, regulations or rules.

5.3 Arbutus Contribution.

Prior to the Closing, Arbutus shall and shall cause its Subsidiaries to sell, assign, transfer, convey, contribute and deliver, as applicable, to Genevant Canada the Transferred Employees and those assets set forth on Appendix H hereto free and clear of all Liens (except for Permitted Liens).

5.4 Access to Information

Arbutus shall, and shall cause its Subsidiaries to, upon reasonable prior notice and during regular business hours, afford Roivant and its directors, managers, officers, employees, agents, attorneys, consultants, advisors or other representatives full access to the directors, managers, officers, employees, agents, attorneys, consultants, advisors or other representatives, properties, books and records of Arbutus

and its Subsidiaries relating to the LNP Business, the LNP Assets and the Assumed Liabilities to the extent Roivant reasonably believes is necessary or advisable to familiarize itself with such properties and other matters and, during such period, Arbutus shall furnish promptly to Roivant all financial and operating data and other information concerning the LNP Business as Roivant may reasonably request; provided, that such access shall not unreasonably disrupt the operations of Arbutus or any of its Subsidiaries. No review by Roivant or any existing relationship between Roivant and Arbutus or its Subsidiaries shall affect the representations and warranties made by Arbutus pursuant to this Agreement or the remedies of Roivant for breaches of those representations and warranties.

5.5 Ancillary Agreements

Roivant and Arbutus shall, and shall cause their respective Subsidiaries and Affiliates and each of their respective directors, officers, agents, employees, advisors and representatives to, negotiate the terms of the Ancillary Agreements (other than the Ancillary Agreements attached as Exhibits hereto) in good faith and shall use their respective commercially reasonable efforts to agree to customary and reasonable terms of and conditions for the Ancillary Agreements as promptly as reasonably practicable following the date hereof and, in any event, prior to the Closing, and shall cause such Ancillary Agreements (including the Ancillary Agreements attached hereto as Exhibits) to be executed and delivered at the Closing.

5.6 Carve-Out Financial Statements

Promptly following the date hereof and in no event later than three (3) months following the Closing, Arbutus shall engage one of Deloitte, PricewaterhouseCoopers, Ernst & Young or KPMG or any other accounting firm, in each case, reasonably acceptable to Roivant for the purposes of preparing audited combined balance sheets and combined statements of income and cash flows relating to the LNP Business, the LNP Assets and the Assumed Liabilities as of March 31, 2018 and March 31, 2017, and for the period ended April 1, 2017 to March 31, 2018 and year ended April 1, 2016 to March 31, 2017 and notes to such financial statements (the **Audited Carve-Out Financial Statements**), and Arbutus, Roivant and the Company shall facilitate such audit review, cooperate with and consult with each other in connection with the preparation of the Audited Carve-Out Financial Statements and perform promptly the work necessary for the preparation and completion of the Audited Carve-Out Financial Statements as expeditiously as reasonably possible, but not later than September 30, 2018. Promptly following the Closing Date, Arbutus, Roivant and the Company shall reasonably cooperate with each other in connection with the preparation of the Audited Carve-Out Financial Statements and shall provide each other and their respective directors, managers, officers, employees, agents, attorneys, consultants, advisors or other representatives with reasonable access to the personnel of one another and their respective Affiliates and to available financial information in their possession relating to the LNP Business, the LNP Assets and the Assumed Liabilities; provided, that such access shall not unreasonably disrupt the operations of Arbutus, Roivant, the Company or any of their respective Subsidiaries. The fees and expenses of the accounting firm hired to prepare the Carve-Out Financial Statements shall be paid by the Company.

5.7 Payment of Bonuses

Arbutus shall be responsible for, and shall pay, or shall cause to be paid, the amount of any bonus payment owing to each Transferred Employee pursuant to Arbutus' bonus arrangements with such Transferred Employee for the period beginning on January 1, 2018 and ending on the Closing Date in the ordinary course of business at such time as annual bonuses have historically been paid by Arbutus to such Transferred Employee.

ARTICLE 6 - FILINGS AND AUTHORIZATIONS

The Parties shall use their respective commercially reasonable efforts to obtain the authorizations, consents, waiting period expirations or terminations, Orders and approvals necessary or advisable for, and to avoid any Order which would block, their execution and delivery of, and the performance of their obligations pursuant to this Agreement, including their respective commercially reasonable efforts to obtain, prior to the Closing Date, all Licenses, consents, approvals, authorizations, qualifications and Orders of Governmental Entities and parties to Contracts with Arbutus or any of its Subsidiaries (including landlords) as are necessary for consummation of the transactions contemplated by this Agreement. The Parties shall coordinate and cooperate with one another and shall exchange and provide information to each other, subject to entering into a reasonable joint defense and confidentiality agreement, as necessary for this Article 6. The Parties shall use commercially reasonable efforts to supply such assistance as may be reasonably requested by each other in connection with the foregoing. Subject to applicable confidentiality restrictions or restrictions required by applicable Law, the Parties will notify each other promptly upon the receipt of any request by any officials of any Governmental Entity for information or the production of any documents relating to an investigation of the transactions contemplated by this Agreement. Without limiting the generality of the foregoing, each Party shall, subject to such joint defense and confidentiality agreement, provide to the other Parties (or their respective advisors) upon request copies of all correspondence between such Party and any Governmental Entity relating to the transactions contemplated by this Agreement. In addition, to the extent reasonably practicable and acceptable to the Governmental Entity, all discussions, telephone calls, and meetings with a Governmental Entity regarding the transactions contemplated by this Agreement shall include representatives of both Parties. Subject to applicable Law, the Parties will consult and cooperate with each other in connection with any analyses, appearances, presentations, and memoranda submitted to any Governmental Entity regarding the transactions contemplated by this Agreement.

ARTICLE 7- LIABILITY AND INDEMNIFICATION

7.1 Survival

The respective representations and warranties of Arbutus and Roivant made in this Agreement or in the Disclosure Schedule, the Bills of Sale and Assignment and Assumption Agreements, the License Agreement, each other Ancillary Agreement (other than the Shareholders Agreement) or in any certificate delivered pursuant to this Agreement on or prior to the Closing Date and the respective covenants or agreements contained in this Agreement of Arbutus and Roivant that are required to be performed or complied with prior to the Closing shall survive the Closing and shall continue in full force and effect for a period of one (1) year following the Closing Time, except that the Roivant Fundamental Representations and Warranties and the Arbutus Fundamental Representations and Warranties shall survive indefinitely (with the exception of the representations and warranties set forth in Section 4.1(n), which shall survive until the date that is 60 days following the expiry of the applicable statute of limitations). All covenants or agreements contained in this Agreement or in the Disclosure Schedule, the Bill of Sale and Assignment and Assumption Agreement, the License Agreement, each other Ancillary Agreement (other than the Shareholders Agreement) or in any certificate delivered pursuant to this Agreement to be performed or complied with after the Closing shall survive in accordance with their terms; provided, that if any such covenant or agreement does not specify a termination date, such covenant shall survive until the date that is 60 days following the expiry of the applicable statute of limitations. No person shall be liable for any claim for indemnification under this Article 7 unless a Claim Certificate is delivered by the person (such person, an **Indemnified Party**) entitled to indemnification pursuant to Section 7.2, Section 7.3 or Section 7.4, as applicable, to the party from which indemnification is sought (the **Indemnifying Party**) prior to the expiration of the applicable survival period, in which case the representation, warranty, covenant or agreement which is the subject of such claim shall survive to the extent of the claims described in such Claim Certificate until such claim is

resolved, whether or not the amount of the Losses resulting from such breach has been finally determined at the time the notice is given.

7.2 Liability and Indemnification Obligations of Arbutus

Provided that the Closing has occurred and subject to the limitations set forth herein, Arbutus shall indemnify and hold harmless Roivant, the Company and their respective Indemnitees from and against all Losses suffered by Roivant, the Company or their respective Indemnitees, as applicable, resulting from or arising out of (a) any failure of any representation or warranty made by Arbutus in this Agreement (including in the Disclosure Schedule, the Bill of Sale and Assignment and Assumption Agreement or in any certificate delivered pursuant to this Agreement), the License Agreement or any other Ancillary Agreement (other than the Shareholders Agreement) to be true and correct in all respects on and as of the date of this Agreement and on and as of the Closing Time, with the force and effect as if made on and as of the Closing Time, except for such representations and warranties which are in respect of a specific date in which case such representations and warranties shall be true and correct as of such date, (b) any breach of any obligation, agreement or covenant to be performed or observed by Arbutus in this Agreement, and (c) any Excluded Liability.

7.3 Liability and Indemnification Obligations of Roivant

Provided that the Closing has occurred and subject to the limitations set forth herein, Roivant shall indemnify and hold harmless Arbutus, the Company and their respective Indemnitees from and against all Losses suffered by Arbutus, the Company or their respective Indemnitees, as applicable, resulting from, or arising out of (a) any failure of any representation or warranty made by Roivant in this Agreement (including in Exhibit A hereto, the Bill of Sale and Assignment and Assumption Agreement, or in any certificate delivered pursuant to this Agreement) to be true and correct in all respects on and as of the date of this Agreement and on and as of the Closing Time, with the force and effect as if made on and as of the Closing Time, except for such representations and warranties which are in respect of a specific date in which case such representations and warranties shall be true and correct as of such date and (b) any breach of any obligation, agreement or covenant to be performed or observed by Roivant in this Agreement.

7.4 Liability and Indemnification Obligations of the Company

Provided that the Closing has occurred and subject to the limitations set forth herein, the Company shall indemnify and hold harmless Arbutus and its Indemnitees from and against all Losses suffered by Arbutus or its Indemnitees resulting from, or arising out of (a) any failure of any representation or warranty made by the Company in any Ancillary Agreement to be true and correct in all respects on and as of the date of this Agreement and on and as of the Closing Time, with the force and effect as if made on and as of the Closing Time, except for such representations and warranties which are in respect of a specific date in which case such representations and warranties shall be true and correct as of such date and (b) any Assumed Liability.

7.5 Limitation of Liability

Notwithstanding any other provision of this Agreement:

(a) None of Arbutus, the Company or Roivant shall be liable for any claim for indemnification made pursuant to Section 7.2, Section 7.3 or Section 7.4, as the case may be,

unless the aggregate amount of any Losses incurred that are the subject matter of indemnification equals or exceeds $225,000 (the **Basket**), in which case Arbutus or Roivant, as the case may be, shall be liable for the aggregate amount of Losses including the amount of the Basket;

(b) in no event shall the total Liabilities of Arbutus under this Agreement for all Losses exceed $3,000,000; and

(c) in no event shall the total Liabilities of Roivant under this Agreement for all Losses exceed $3,000,000.

Notwithstanding anything herein to the contrary, the limitations set forth in this Section 7.5 shall not apply to Losses incurred by Roivant, the Company, Arbutus, or their respective Indemnitees in connection with or arising from (i) any breach of any Roivant Fundamental Representation or Warranty or any Arbutus Fundamental Representation or Warranty, except that the total Liabilities of Roivant or Arbutus for any such breach shall in no event exceed $22,500,000, (ii) the fraud or willful misconduct of Roivant or Arbutus, as applicable, or (iii) Excluded Liabilities or Assumed Liabilities, as applicable.

7.6 Indemnification Procedure

a. Promptly after the incurrence of any Losses by and Indemnified Party and promptly after an Indemnified Party receives notice of a Third Party Claim which is expected to give rise to indemnification hereunder, the Indemnified Party shall deliver to the Indemnifying Party a certificate (a **Claim Certificate**), which Claim Certificate shall: (i) state that the Indemnified Party has paid or has incurred Losses for which such Indemnified Party believes it is entitled to indemnification pursuant to this Agreement and (ii) specify in reasonable detail each individual item of Loss included in the amount so stated, the date such item was paid (if paid), the basis for any Loss and the nature of the misrepresentation, breach of warranty, breach of covenant, Assumed Liability, Excluded Liability or claim to which each such item is related and the computation, if possible, of the amount to which such Indemnified Party claims to be entitled hereunder. Such Claim Certificate must be delivered prior to the expiration of the applicable survival period set forth in Section 7.1, in which case the representation, warranty, covenant or agreement which is the subject of such Claim shall survive, to the extent of the Claims described in such notice until such Claim is resolved, whether or not the amount of the Losses resulting from such breach has been finally determined at the time such notice is given.

b. In the event that the Indemnifying Party does not confirm in writing that it accepts liability for the claim within thirty (30) days of receipt of the Claim Certificate, the Indemnifying Party and the Indemnified Party shall, within the sixty (60) day period beginning on the date of receipt by the Indemnifying Party of such Claim Certificate and prior to submitting such dispute to the courts set forth in Section 9.5, attempt in good faith to agree upon the rights of the respective parties with respect to each of such claims to which the Indemnifying Party shall have so objected. If the Indemnified Party and the Indemnifying Party shall succeed in reaching agreement on their respective rights with respect to any of such claims, the Indemnified Party and the Indemnifying Party shall promptly prepare and sign a memorandum of agreement setting forth such agreement. Should the Indemnified Party and the Indemnifying Party be unable to agree as to any particular item or items or amount or amounts within such time period, then the Indemnified Party shall be permitted to submit such dispute to the courts set forth in Section 9.5. The party that receives a final judgment in such dispute shall reimburse the other party for all reasonable attorney and consultant fees or expenses incurred by the other party.

c. Claims for Losses covered by a memorandum of agreement of the nature described in Section 7.6(b), and claims for Losses the validity and amount of which have been the subject of judicial determination as described in Section 7.6(b) and 10.6 or shall have been settled as described in Section 7.7, are hereinafter referred to, collectively, as "**Agreed Claims**". Within ten (10) Business Days

of the determination of the amount of any Agreed Claim (or at such other time as the Indemnified Party and the Indemnifying Party shall agree), the Indemnifying Party shall pay to the Indemnified Party an amount equal to the Agreed Claim by wire transfer in immediately available funds to the bank account or accounts designated by the Indemnified Party in a notice to the Indemnifying Party not less than two (2) Business Days prior to such payment.

7.7 Third Party Claims

a. If a claim by a third party is made against any Indemnified Party (a **Third Party Claim**), and if such party intends to seek indemnity with respect thereto under this Article 7, such Indemnified Party shall promptly notify the Indemnifying Party of such Third Party Claim; provided, that the failure to so notify shall not relieve the Indemnifying Party of its obligations hereunder, except to the extent that the Indemnifying Party is materially prejudiced thereby. The Indemnifying Party shall have thirty (30) days after receipt of such notice to assume the conduct and control, through counsel reasonably acceptable to the Indemnified Party at the expense of the Indemnifying Party, of the settlement or defense of such Third Party Claim; provided, that (i) the Indemnifying Party shall permit the Indemnified Party to participate in such settlement or defense through counsel chosen by such Indemnified Party; provided, that the fees and expenses of such counsel shall be borne by such Indemnified Party; provided, further, that the Indemnifying Party shall not be entitled to assume control of such defense and shall pay the fees and expenses of counsel retained by the Indemnified Party if (A) such Third Party Claim for indemnification relates to or arises in connection with any criminal proceeding, action, indictment, allegation or investigation; (B) such Third Party Claim seeks an injunction or equitable relief against the Indemnified Party and does not otherwise seek monetary damages; (C) the Indemnified Party has been advised in writing by counsel that there is an actual conflict of interest between the Indemnifying Party and the Indemnified Party; or (D) upon petition by the Indemnified Party, the appropriate court rules that the Indemnifying Party failed or is failing to vigorously prosecute or defend such Third Party Claim.

b. Any Indemnified Party shall have the right to employ separate counsel in any such action or claim and to participate in the defense of such Third Party Claim, but the fees and expenses of such counsel shall not be at the expense of the Indemnifying Party unless (i) the Indemnifying Party shall have failed, or is not entitled, to assume the defense of such Third Party Claim in accordance with Section 7.7(a), or (ii) the named parties to any such action (including any impleaded parties) include both such Indemnified Party and the Indemnifying Party and such Indemnified Party shall have been advised in writing by such counsel that there may be one (1) or more legal defenses available to the Indemnified Party which are not available to the Indemnifying Party, or available to the Indemnifying Party the assertion of which would be adverse to the interests of the Indemnified Party. The Indemnified Party shall not pay or settle any such Third Party Claim without the prior written consent of the Indemnifying Party, not to be unreasonably withheld. Notwithstanding the foregoing, the Indemnified Party shall have the right to pay or settle any such Third Party Claim; provided, that in such event it shall waive any right to indemnity therefor by the Indemnifying Party for such Third Party Claim, and the related settlement payments or other actions taken in settlement shall not constitute “Losses” under this Agreement.

c. If the Indemnifying Party does not notify the Indemnified Party within thirty (30) days after the receipt of the Indemnified Party’s notice of a Third Party Claim of indemnity hereunder that it elects to undertake the defense thereof, the Indemnified Party shall have the right to contest, settle or compromise the Third Party Claim but shall not thereby waive any right to indemnity therefor pursuant to this Agreement.

d. The Indemnifying Party shall not, except with the consent of the Indemnified Party, not to be unreasonably withheld, enter into any settlement unless such settlement (i) is entirely indemnifiable by the Indemnifying Party pursuant to this Article 7, (ii) includes as an unconditional term

thereof the giving by the person or persons asserting such Third Party Claim to all Indemnified Parties of an unconditional release from all Liabilities with respect to such Third Party Claim or consent to entry of any judgment and (iii) does not impose any injunctive relief or other restrictions of any kind or nature on any Indemnified Party.

e. The Indemnifying Party and the Indemnified Party shall cooperate with each other in all reasonable respects in connection with the defense of any Third Party Claim, including making available records relating to such Third Party Claim and furnishing, without expense to the Indemnifying Party and/or its counsel, such employees of the Indemnified Party as may be reasonably necessary for the preparation of the defense of any such Third Party Claim or for testimony as witnesses in any proceeding relating to such Third Party Claim.

7.8 Losses Net **of Insurance and Taxes**

The amount of any Loss for which indemnification is provided under Section 7.2, Section 7.3 or Section 7.4 shall be net of (a) any amounts recovered by the Indemnified Party (net of any costs of investigation of the underlying claim and of collection) pursuant to any indemnification by or indemnification agreement with any person (other than this Agreement), and (b) any insurance proceeds (net of any costs of investigation of the underlying claim and of collection) received as an offset against such Loss (each such source of recovery, a **Collateral Source**). If the amount to be netted hereunder in connection with a Collateral Source from any payment required under Section 7.2, Section 7.3 or Section 7.4 is received after payment by the Indemnifying Party of any amount otherwise required to be paid to an Indemnified Party pursuant to this Article 7, the Indemnified Party shall repay to the Indemnifying Party, promptly after such receipt, any amount that the Indemnifying Party would not have had to pay pursuant to this Article 7 had such receipt occurred at the time of such payment. Each Indemnified Party shall take commercially reasonable steps to mitigate any Losses as soon as reasonably practicable after such Indemnified Party becomes aware of any event which does, or could reasonably be expected to, give rise to any such Losses. For all purposes of this Article 7, "Losses" shall be reduced by any Tax benefit actually realized in cash Tax savings by the Indemnified Party or its Affiliates arising as a result of the accrual, incurrence or payment of any such Losses in or prior to the taxable year in which the indemnity payment is made and the Indemnified Party shall pay the Indemnifying Party the amount of any Tax Benefit actually realized by the Indemnified Party or its affiliates in the two taxable years after the year in which the indemnity payment is made, net of any reasonable costs relating to obtaining such Tax benefit. Each Indemnified Party shall use commercially reasonable efforts to collect the proceeds of any insurance or any obligation of any third party which would have the effect of reducing any Losses.

7.9 Sole Remedy/Waiver

Except in the case of fraud, the Parties acknowledge and agree that, in the event that the Closing occurs, the remedies provided for in this Article 7 shall be the Parties' sole and exclusive remedies for: (a) any breach of the representations and warranties made on or prior to the Closing in this Agreement, the Disclosure Schedule, the Bill of Sale and Assignment and Assumption Agreement, the License Agreement, any other Ancillary Agreement (other than the Shareholders Agreement) and all other certificates delivered pursuant to this Agreement or (b) any breach of any covenant contained in, or any claims relating to, this Agreement, the Disclosure Schedule, the Bill of Sale and Assignment and Assumption Agreement, and all other certificates delivered pursuant to this Agreement, the Company or any Law or otherwise. The Parties expressly intend that the remedies provided for in this Article 7 shall apply to direct claims between the Parties for breach of this Agreement (whether or not involving a third party).

7.10 Indemnification by Share Surrender

a. Notwithstanding anything herein to the contrary, Arbutus may, at its election, satisfy and pay any or all indemnification obligations under Section 7.2(a) or Section 7.2(b) by surrendering to the Indemnified Party Common Shares of the Company in a number necessary to satisfy such obligations, with the surrendered shares valued at the Fair Market Value thereof as of the date of delivery of a Claim Certificate.

b. As used in this Agreement, Fair Market Value of Common Shares means: the cash price that an unaffiliated third party would pay to acquire all of such Common Shares (computed on a fully diluted basis) assuming that the Company was being sold in a manner reasonably designed to solicit all possible participants and permit all interested Persons an opportunity to participate and to achieve the best value reasonably available to the stockholders of the Company at the time, taking into account all then-existing circumstances, (x) as mutually agreed by Roivant and Arbutus or (y) if Roivant and Arbutus do not mutually agree, as determined in accordance with clause (c) below.

c. In the event that Arbutus and Roivant do not mutually agree upon the Fair Market Value of the Common Shares within 15 days of Arbutus notifying Roivant that it has elected to pay an indemnity claim with Common Shares pursuant to Section 7.10(a), each of Arbutus and Roivant covenants and agrees to take all actions reasonably necessary to determine the Fair Market Value, including the following:

i. Within 30 days of Arbutus notifying Roivant that it has elected to pay an indemnity claim with Common Shares pursuant to Section 7.10(a), Arbutus and Roivant shall jointly designate a mutually agreed investment banking firm of international repute which is neither an Affiliate of any party nor has performed any significant work for any party or any Affiliate of any party within the prior two (2) years (the **Mutually Agreed Appraiser**) to determine the Fair Market Value. If the parties are unable to mutually agree upon the Mutually Agreed Appraiser, then it shall be selected by an arbitrator constituted and acting under the International Arbitration Rules then in effect of the International Centre for Dispute Resolution (**ICDR**) of the American Arbitration Association (the **Rules**), and such arbitrator shall be selected and appointed in accordance with the Rules.

ii. The Company shall provide the Mutually Agreed Appraiser with reasonable access to members of management of the Company and to the books and records of the Company so as to allow Mutually Agreed Appraiser to conduct due diligence examinations in scope and duration as are customary in valuations of this kind. Arbutus, Roivant and the Company each agree to cooperate with the Mutually Agreed Appraiser and to provide such information as may reasonably be requested by the Mutually Agreed Appraiser. Costs of the appraisals shall be borne equally by Arbutus and Roivant.

ARTICLE 8 - TERMINATION RIGHTS

8.1 Termination

This Agreement may be terminated and the transactions contemplated hereby may be abandoned, at any time prior to the Closing Time:

(a) by mutual written consent of the Parties;

(b) by any Party if the Closing shall not have occurred on or before the Outside Date, provided that the right to terminate this Agreement under this Section 8.1(b) shall not be available to any Party whose failure to fulfil any obligation under this Agreement shall be the cause of the failure of the Closing to occur on or before the Outside Date;

(c) by Roivant, if:

(i) any condition set out in Section 3.2 or Section 3.3 has not be satisfied or waived by Roivant on or prior to 3:00 pm (New York time) on the Outside Date, unless such failure was caused by Roivant's bad faith or breach in any material respect of any provision of this Agreement, or unless such time restriction is extended by the Parties in writing; or

(ii) there has been a breach of any covenant or a breach of any representation or warranty of Arbutus, which breach would cause the failure of any condition set forth in Section 3.2 or Section 3.3; provided, that any such breach of a covenant or representation or warranty which is not curable or, if curable, is not cured upon the occurrence of the earlier of (1) the thirtieth (30th) day after written notice thereof is given by Arbutus to Roivant and (2) the day that is five (5) Business Days prior to the Outside Date; provided, that Roivant may not so terminate this Agreement if such failure was caused by Roivant's bad faith or breach in any material respect of any provision of this Agreement;

(d) by Arbutus, if:

(i) any condition set out in Section 3.2 or Section 3.4 has not be satisfied or waived by Arbutus on or prior to 3:00 pm (New York time) on the Outside Date, unless such failure was caused by Arbutus' bad faith or breach in any material respect of any provision of this Agreement, or unless such time restriction is extended by the Parties in writing; or

(ii) there has been a breach of any covenant or a breach of any representation or warranty of Roivant or the Company, which breach would cause the failure of any condition set forth in Section 3.2 or Section 3.4; provided, that any such breach of a covenant or representation or warranty which is not curable or, if curable, is not cured upon the occurrence of the earlier of (1) the thirtieth (30th) day after written notice thereof is given by Roivant to Arbutus and (2) the day that is five (5) Business Days prior to the Outside Date; provided, that Arbutus may not so terminate this Agreement if such failure was caused by Arbutus' bad faith or breach in any material respect of any provision of this Agreement; or

(e) by any Party if any Order by any stock exchange or market, or any other Governmental Entity in Canada, the United States, or any other applicable jurisdiction, or any law or regulation under or pursuant to any statute of Canada or of any province thereof, the United States or any other applicable jurisdiction, is promulgated or changed which Order, law or regulation permanently restrains, enjoins or otherwise prohibits the transactions to be consummated at the Closing Time, as applicable, as contemplated by this Agreement and has become final and non-appealable; provided, that the party seeking to terminate pursuant to this Section 8.1(e) shall have complied with its obligations, if any, under Article 6.

8.2 Notice of Termination

The rights of termination contained in Section 8.1 may be exercised by the applicable Party giving written notice thereof to the other Parties at any time prior to the Closing Time, and are in addition to any other rights or remedies such Party may have in respect of any default, act or failure to at or non-compliance by the other Parties in respect of any of the matters contemplated by this Agreement or otherwise. In the event of any such termination, there shall be no further Liability on the part of any Party to the other Parties except Sections 9.2, 9.3, 9.4, 9.5 and 9.6 of this Agreement, which will remain in full force and effect.

ARTICLE 9 - MISCELLANEOUS

9.1 Further Assurances

Each of the Parties, upon the request of each of the other Party hereto, whether before or after the Closing, shall do, execute, acknowledge and deliver or cause to be done, executed, acknowledged and delivered all such further acts, deeds, documents, assignments, transfers, conveyances, powers of attorney and assurances as may reasonably be necessary or desirable to (a) effectuate the intent of this Agreement, (b) perfect or record title of the Company in the LNP Assets or the Employment Contract, (c) put the Company in possession of the LNP Assets or the Employment Contract, and (d) provide such other party in all material respects with the intended benefits of this Agreement. In the event that the Company receives any of the Excluded Assets, the Company agrees to promptly return or cause the return of such assets to Arbutus or its Subsidiaries at Arbutus' expense. In the event that (i) Arbutus or its Subsidiaries retains any of the LNP Assets, Arbutus agrees to promptly transfer or cause the transfer of such assets to the Company at Arbutus' expense or (ii) Roivant or its Subsidiaries retains any of the Employment Contract, Roivant agrees to promptly transfer or cause the transfer of such assets to the Company at Roivant's expense.

9.2 Press Releases

All information with respect to this Agreement, the transactions contemplated hereby and all negotiations, discussions and actions related hereto shall be treated by the Parties as confidential information. A Party intending to make a public announcement or statement, including a news release, shall make the text of such announcement available to the other Parties not less than two Business Days prior to publication and the other Parties may make suggestions for changes. If any Party is identified in any such public announcement or statement, the Party making such announcement shall not release the public announcement or statement without the other named Party's consent in writing, which consent such named Party may withhold in its sole discretion. Notwithstanding the foregoing, nothing in this paragraph shall prevent a Party from making any public disclosure, including, without limitation, disclosure of the name of another Party, if such disclosure is required by Law or regulations of any applicable stock exchange.

9.3 Notices

Any notice, direction or other instrument required or permitted to be given to any Party hereto shall be in writing and shall be sufficiently given if delivered personally, or transmitted by facsimile or electronic mail tested prior to transmission to such Party, as follows:

(a) in the case of the Company following the Closing, to:

Genevant Sciences Ltd.

11-12 St. James's Square, Suite 1, 3rd Floor
London, United Kingdom
SW1Y 4LB

Attention: Paris Panayiotopoulos, Executive Chairman
Email: paris.panayiotopoulos@roivant.com

(b) in the case of Arbutus, to:

Arbutus Biopharma Corporation
100 - 9800 Glenlyon Parkway
Burnaby, British Columbia V5J 5J8

Attention: Mark Murray, President and Chief Executive Officer
Email: mmurray@arbutusbio.com

with a copy to (which shall not constitute notice):

Orrick, Herrington & Sutcliffe LLP
51 West 52nd Street
New York, New York 10019-6142

Attention: R. King Milling
Fax: (212) 506-5151
Email: kmilling@orrick.com

Dorsey & Whitney LLP
Suite 1070, 1095 West Pender Street
Vancouver, British Columbia V6E 2M6

Attention: Daniel M. Miller
Fax: (604)687-8504
Email: miller.dan@dorsey.com

(c) in the case of Roivant or the Company prior to the Closing:

Roivant Sciences, Inc.
320 West 37th Street, 5th Floor
New York, New York 10018

Attention: Allen Waxman, General Counsel
Email: allen.waxman@roivant.com

with a copy to (which shall not constitute notice):

Lawson Lundell LLP
1600 - 925 West Georgia Street
Vancouver, British Columbia V6C 3L2

Attention: Valerie Mann and Crispin Arthur
Fax: (604) 641-2811
Email: vcmann@lawsonlundell.com
carthur@lawsonlundell.com

White & Case LLP
1221 Avenue of the Americas
New York, New York 10020
Attention: Chang-Do Gong
Sang I. Ji
Fax: (212) 354-8113
Email: cgong@whitecase.com
sji@whitecase.com

Any such notice, direction or other instrument, if delivered personally, shall be deemed to have been given and received on the day on which it was delivered, provided that if such day is not a Business Day then the notice, direction or other instrument shall be deemed to have been given and received on the first Business Day next following such day and if transmitted by facsimile or electronic mail, shall be deemed to have been given and received on the day of its transmission, provided that if such day is not a Business Day or if it is transmitted or received after the end of normal business hours then the notice, direction or other instrument shall be deemed to have been given and received on the first Business Day next following the day of such transmission. Any Party may change its address for service from time to time by notice given to the other Party in accordance with the foregoing provisions.

9.4 Costs and Expenses

Except as provided in Section 5.6 and in the following sentence, all costs and expenses (including, without limitation, the fees and disbursements of legal counsel) incurred in connection with this Agreement and the transactions herein contemplated shall be paid and borne by the party incurring such costs and expenses. All transfer, sales and use, value added, registration, documentary, stamp and similar Taxes (**Transfer Taxes**) imposed in connection with any contribution, transfer or deemed transfer that occurs pursuant to this Agreement shall be borne 50% by Arbutus and 50% by the Company. Arbutus shall promptly reimburse the Company for any Transfer Taxes with respect to any contribution, transfer or deemed transfer that occurs pursuant to this Agreement that are paid by the Company or its Subsidiaries in excess of its 50% share of such taxes, and the Company shall promptly reimburse Arbutus for any Transfer Taxes with respect to any contribution, transfer or deemed transfer that occurs pursuant to this Agreement that are paid by Arbutus or its Subsidiaries in excess of its 50% share of such taxes. For the avoidance of doubt, Transfer Taxes shall not include Taxes imposed on or with respect to income (however denominated) or gain of any of the Parties.

9.5 Applicable Law; Submission to Jurisdiction; Waiver of Jury Trial

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(a) The construction, validity, enforcement and interpretation of this Agreement and the Appendices, Exhibits and Disclosure Schedules hereto will be governed by, and construed in accordance with, the laws of the State of New York, without giving effect to any choice of law or conflict of law rules or provisions (whether of the State of New York or any other jurisdiction) that would cause the application of the laws of any jurisdiction other than the State of New York.

(b) The Parties agree that all disputes, legal actions, suits and proceedings arising out of or relating to this Agreement must be brought exclusively in a federal district court or a state court in New York County, New York. Each of the parties hereto hereby consents and submits to the exclusive

jurisdiction of such courts. No legal action, suit or proceeding with respect to this Agreement may be brought in any other forum except to enforce a judgment entered in a court described in the preceding sentence. Each Party irrevocably waives all claims of immunity from jurisdiction and any right to object on the basis that any dispute, action, suit or proceeding brought in such court has been brought in an improper or inconvenient forum or venue.

(c) Each Party hereby agrees that mailing of process or other papers in connection with any such action or proceeding in the manner provided in Section 9.3, or in such other manner as may be permitted by applicable Law, shall be valid and sufficient service thereof and hereby waives any objections to service accomplish in the manner herein provided.

(d) Each of the Parties hereby irrevocably waives, and shall cause its Subsidiaries and Affiliates to waive, all right to a trial by jury in any action, proceeding or counterclaim arising out of or relating to this Agreement or the transactions contemplated hereby.

9.6 Entire Agreement

This Agreement, including the Appendices, the Disclosure Schedule and the Exhibits hereto, constitutes the entire agreement between the parties with respect to the transactions contemplated herein and cancels and supersedes any prior understandings, agreements, negotiations and discussions between the Parties. There are no representations, warranties, terms, conditions, undertakings or collateral agreements or understandings, express or implied, between the Parties hereto other than those expressly set forth in this Agreement or in any such agreement, certificate, affidavit, statutory declaration or other document as aforesaid. This Agreement may not be amended or modified in any respect except by written instrument executed by each of the Parties.

9.7 Counterparts

This Agreement may be executed in two or more counterparts, each of which shall be deemed to be an original and all of which together shall constitute one and the same Agreement. Counterparts may be delivered either in original or faxed form and the Parties adopt any signature received by a receiving fax machine as original signatures of the Parties.

9.8 Assignment

This Agreement may not be assigned by any Party except with the prior written consent of the other Parties.

9.9 Enurement

This Agreement shall enure to the benefit of and be binding upon the Parties hereto and their respective heirs, executors, successors (including any successor by reason of the amalgamation or merger of any party), administrators and permitted assigns.

9.10 Specific Performance

The Parties agree that irreparable damage would occur in the event that any of the provisions of this Agreement were not performed in accordance with their specific terms or were otherwise breached or threatened to be breached and that an award of money damages would be inadequate in such event. Accordingly, it is acknowledged that the Parties shall be entitled to equitable relief, without proof of actual damages, including an injunction or injunctions or orders for specific

performance to prevent breaches of this Agreement and to enforce specifically the terms and provisions of this Agreement in addition to any other remedy to which they are entitled at law or in equity as a remedy for any such breach or threatened breach. Each Party further agrees that the other Parties shall not be required to obtain, furnish or post any bond or similar instrument in connection with or as a condition to obtaining any remedy referred to in this Section 9.10, and each Party (a) irrevocably waives any right it may have to require the obtaining, furnishing or posting of any such bond or similar instrument and (b) agrees to cooperate fully in any attempt by the other Parties in obtaining such equitable relief. Each Party further agrees that the only permitted objection that it may raise in response to any action for equitable relief is that it contests the existence of a breach or threatened breach of this Agreement.

IN WITNESS WHEREOF the Parties have executed this Agreement as of the date first above written.

GENEVANT SCIENCES LTD.

By: /s/ Marianne L. Romeo
Name: Marianne L. Romeo
Title: Head, Global Transactions & Risk Management

ARBUTUS BIOPHARMA CORPORATION

By: /s/ Mark J. Murray Name: Mark J. Murray
Title: President and Chief Executive Officer

ROIVANT SCIENCES LTD.

By: /s/ Marianne L.Romeo Name: Marianne L. Romeo
Title: Head, Global Transactions & Risk Management

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, Mark Murray, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Arbutus Biopharma Corporation;

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 registrant as of, and for, the periods presented in this report;

4. The registrant'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 registrant 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 registrant, 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 registrant'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 registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an the annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant'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 registrant'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 registrant's internal control over financial reporting.

Date: May 3, 2018

/s/ Mark Murray
Name: Mark Murray
Title: President and Chief Executive Officer

Exhibit 31.2

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, Koert VandenEnden, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Arbutus Biopharma Corporation;

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 registrant as of, and for, the periods presented in this report;

4. The registrant'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 registrant 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 registrant, 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 registrant'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 registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an the annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant'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 registrant'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 registrant's internal control over financial reporting.

Date: May 3, 2018

/s/ Koert VandenEnden
Name: Koert VandenEnden
Title: Interim 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 Quarterly Report on Form 10-Q of Arbutus Biopharma Corporation (the "Company") for the quarter ended March 31, 2018, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I Mark Murray, President and Chief Executive Officer of the Company, 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 represents, in all material respects, the financial condition and results of the operations of the Company.

Date: May 3, 2018

/s/ Mark Murray
Name: Mark Murray
Title: President and Chief Executive Officer

Exhibit 32.2

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 Quarterly Report on Form 10-Q of Arbutus Biopharma Corporation (the "Company") for the quarter ended March 31, 2018, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I Koert VandenEnden, Interim Chief Financial Officer of the Company, 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 represents, in all material respects, the financial condition and results of the operations of the Company.

Date: May 3, 2018

/s/ Koert VandenEnden
Name: Koert VandenEnden
Title: Interim Chief Financial Officer