



Annual Meeting of Shareholders

to be held on May 11, 2010

NOTICE OF ANNUAL MEETING

AND

MANAGEMENT INFORMATION CIRCULAR

This Management Information Circular ("**Circular**") is furnished in connection with the solicitation of proxies by and on behalf of the management of SemBioSys Genetics Inc. ("**SemBioSys**" or the "**Company**") for use at the Annual Meeting of the Company's shareholders to be held on May 11, 2010 at the time and place and for the purposes set out in the accompanying Notice of Annual Meeting and any adjournment thereof.

No person has been authorized to give any information or make any representation in connection with any matters to be considered at the Annual and Special Meeting, other than as contained in this Circular and, if given or made, any such information or representation must not be relied upon as having been authorized.

March 30, 2010

SEMBIOSYS GENETICS INC.

Notice of Annual Meeting of Shareholders

NOTICE IS HEREBY GIVEN that the Annual Meeting (the “**Meeting**”) of holders of common shares (“**Shareholders**”) of SemBioSys Genetics Inc. (the “**Company**”) will be held at the business office of the Company at 110, 2985 – 23rd Avenue N.E., Calgary, Alberta, Canada, on May 11, 2010 at 11:00 A.M. (Calgary time), for the following purposes:

1. to receive the audited consolidated financial statements of the Company for the period ended December 31, 2009, together with the auditors’ report thereon;
2. to elect directors of the Company for the ensuing year;
3. to reappoint Pricewaterhouse Coopers LLP, Chartered Accountants, as auditors of the Company for the ensuing year and to authorize the directors to fix the remuneration to be paid to the auditors; and
4. to transact such other business as may properly come before the Meeting or any adjournment or postponement thereof.

The Circular and the form of proxy prepared in respect of the Meeting accompany this notice.

Shareholders of record at the close of business on March 29, 2010 will be entitled to vote at the Meeting. On March 30, 2010, there were 51,259,536 common shares outstanding. Each share is entitled to one vote at the Meeting.

Registered Shareholders who are unable to attend the Meeting in person are requested to date, sign and return (in the envelope provided for that purpose) the accompanying form of proxy for use at the Meeting. To be used at the Meeting, proxies must be received no later than 48 hours (excluding Saturdays, Sundays and holidays) preceding the date and time of the Meeting, or any adjournment or postponement thereof by the Company’s transfer agent, Computershare Trust Company of Canada (“**Computershare**”), 9th Floor, 100 University Avenue, Toronto, Ontario, M5J 2Y1. Registered Shareholders may also vote by telephone or over the Internet. Complete instructions on how to vote by telephone or over the Internet are described in the Circular. Non-registered Shareholders must seek instruction on how to complete their form of proxy and vote their shares from their broker, trustee, financial institution or other nominee.

DATED as of the 30 day of March, 2010.

BY ORDER OF THE BOARD OF DIRECTORS

(signed) **JAMES SZARKO**
President and Chief Executive Officer

MANAGEMENT INFORMATION CIRCULAR

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SEMBIOSYS GENETICS INC.
Suite 110, 2985 – 23rd Avenue N.E.
Calgary, Alberta
T1Y 7L3

MANAGEMENT INFORMATION CIRCULAR

Except where indicated otherwise, the following information is dated as at March 30, 2010 and all dollar amounts are in Canadian dollars.

SOLICITATION OF PROXIES

The information contained in this Management Information Circular (the “Circular”) is furnished in connection with the solicitation of proxies by management of SemBioSys Genetics Inc. (“SemBioSys” or the “Company”) for use at the Annual Meeting (the “Meeting”) of the holders (the “Shareholders”) of common shares (“Common Shares”) of the Company to be held on May 11, 2010 at 11:00 A.M. (Calgary time) at the business office of the Company at 110, 2985 – 23rd Avenue N.E., Calgary, Alberta, Canada, and at all adjournments or postponements thereof, for the purposes set forth in the Notice of Annual Meeting of Shareholders (the “Notice”).

The solicitation of proxies is being made by or on behalf of the management of the Company. The Company will bear the entire cost of solicitation of proxies including preparation, assembly, printing and mailing of this Circular, the Notice, the form of proxy and the annual report (collectively, the “**Documents**”). Copies of the Documents are being sent by mail to those Shareholders entitled to receive notice of the Meeting. The Documents will also be furnished to banks, securities dealers and clearing agencies holding Common Shares of the Company in their names, beneficially owned by others to forward to such beneficial owners. Original solicitation of proxies by mail may be supplemented by telephone, facsimile or other electronic or personal solicitation by directors, officers, or other regular employees of the Company. No additional compensation will be paid to directors, officers, or other regular employees for such services.

APPOINTMENT OF PROXY HOLDERS

Shareholders may vote at the Meeting in person or by proxy. The persons named in the accompanying form of proxy are executive officers and/or directors of the Company. **A Shareholder has the right to appoint a person other than the persons specified in such form of proxy (who need not be a Shareholder of the Company) to attend and act on behalf of the Shareholder at the Meeting.** To exercise this right, a Shareholder may either insert the name of the desired person in the blank space provided in the accompanying form of proxy or complete another appropriate form of proxy.

Shareholders not attending the Meeting may:

- **Be represented by proxy** by delivering or submitting the completed proxy to the Company’s transfer agent, Computershare Trust Company of Canada, 9th Floor, 100 University Avenue, Toronto, Ontario, M5J 2Y1, in the addressed envelope enclosed, no later than 48 hours (excluding Saturdays, Sundays and holidays) preceding the date and time of the Meeting, or any adjournment or postponement thereof. Notwithstanding the 48-hour deadline, the Chair of the Meeting will have the discretion to accept or reject proxies delivered up to the time of the Meeting;
- **Vote by telephone.** Those registered Shareholders electing to vote by telephone require a touch-tone telephone to transmit their voting preferences. Registered Shareholders must follow the instructions, included in the form of proxy received from the Company and provide the Control Number, Holder

Account Number and Access Number located on the form of proxy on the lower left-hand side. Voting instructions are then conveyed by use of the touch-tone selections over the telephone; or

- **Vote over the Internet.** Registered Shareholders electing to vote via the Internet must access the website www.computershare.com/ca/proxy. Registered Shareholders must follow the instructions, included in the form of proxy received from the Company and provide the Control Number, Holder Access Number and Access Number located on the form of proxy on the lower left-hand side. The registered Shareholder's voting instructions are then conveyed electronically over the Internet.

REVOCABILITY OF PROXY

A Shareholder who has submitted a form of proxy may revoke it by depositing an instrument in writing executed by the Shareholder or by his attorney, authorized in writing, or if the Shareholder is a body corporate, under its corporate seal or by an officer or attorney thereof duly authorized, either (i) to Computershare Trust Company of Canada, % Proxy Department, 9th Floor, 100 University Avenue, Toronto, Ontario, M5J 2Y1, any time up to 4:30 p.m. (Toronto time) on the business day immediately preceding the date of the Meeting, or any adjournment or postponement thereof, or (ii) with the Chair of the Meeting on the day of the Meeting, or any adjournment or postponement thereof, prior to the time of voting and, upon either of such deposits, the earlier proxy shall be revoked.

VOTING OF SHARES REPRESENTED BY MANAGEMENT PROXIES

The persons named in the enclosed form of proxy will vote for or against or withhold from voting the Common Shares for which they are appointed proxy holders in accordance with the instructions of the Shareholder indicated on the form of proxy. **In the absence of such instructions, the executive officers named in the enclosed form of proxy intend to vote the Common Shares represented by the proxy IN FAVOUR of each motion put forth by management of the Company.**

If a Shareholder appoints a person, other than the persons named in the accompanying form of proxy to represent them, such person will vote the Common Shares for which they are appointed proxy holder in accordance with the instructions of the Shareholder indicated on the form of proxy. In the absence of such instructions, such person may vote the Common Shares for which they are appointed proxy holder at their discretion.

The accompanying form of proxy confers discretionary authority upon the persons named therein with respect to amendments or variations of matters identified in the Notice, and with respect to any other matters, if any, which may properly come before the Meeting. At the time of printing of this Circular, management of the Company knows of no such amendments, variations or other matters to come before the Meeting. However, if any such amendments, variations or other matters which are not now known to management should properly come before the Meeting, the persons named in the form of proxy will vote on such other business in accordance with their best judgment.

VOTING SHARES AND THE PRINCIPAL HOLDERS THEREOF

As at March 30, 2010, the Company has 51,259,536 Common Shares outstanding, each carrying the right to one vote per share. The directors have set the close of business on March 29, 2010 as the record date (the "**Record Date**") for the meeting. Only the holders of Common Shares of record at the close of business on the Record Date will be entitled to notice of, and to attend and vote at, the Meeting. Any transferee or person acquiring Common Shares after the Record Date may, on establishing acceptable proof of ownership of such Common Shares, make a written demand, not later than 10 days before the Meeting, or such other time as the Company determines in its sole discretion, is acceptable to be included in the list of Shareholders entitled to vote at the Meeting, in which case the transferee will be entitled to vote his or her Common Shares at the Meeting or any adjournment or postponement thereof.

As at March 30 2010, to the knowledge of the directors and executive officers of the Company, there are no persons beneficially owning, directly or indirectly, or exercising control or direction over more than 10% of the issued and outstanding Common Shares.

ADVICE TO BENEFICIAL HOLDERS OF SECURITIES

The information set forth in this section is provided to beneficial holders of Common Shares of the Company who do not hold their Common Shares in their own name (“**Beneficial Shareholders**”). Beneficial Shareholders should note that only proxies deposited by Shareholders whose names appear on the records of the Company as the registered holders of Common Shares can be recognized and acted upon at the Meeting. If Common Shares are listed in an account statement provided to a Beneficial Shareholder by a broker, then in almost all cases those Common Shares will not be registered in the Beneficial Shareholder’s name on the records of the Company. Such Common Shares will more likely be registered under the name of the Beneficial Shareholder’s broker or an agent of that broker. In Canada, the vast majority of such Common Shares are registered under the name of CDS & Co. (the registration name for The Canadian Depository for Securities Limited, which acts as nominees for many Canadian brokerage firms). Common Shares held by brokers or their nominees can only be voted upon the instructions of the Beneficial Shareholder. Without specific instructions, the broker/nominees are prohibited from voting Common Shares for their clients. The Company does not know for whose benefit the Common Shares registered in the name of CDS & Co. are held. Therefore, Beneficial Shareholders cannot be recognized at the Meeting for the purposes of voting the Common Shares in person or by way of proxy except as set forth below.

Applicable regulatory policy requires intermediaries/brokers to seek voting instructions from Beneficial Shareholders in advance of Shareholders’ meetings. Every intermediary/broker has its own mailing procedures and provides its own return instructions, which should be carefully followed by Beneficial Shareholders in order to ensure that their Common Shares are voted at the Meeting. Often, the form of proxy supplied to a Beneficial Shareholder by its broker is identical to the form of proxy provided to registered Shareholders; however, its purpose is limited to instructing the registered Shareholder how to vote on behalf of the Beneficial Shareholder. The majority of brokers now delegate responsibility for obtaining instructions from clients to Broadridge Investor Communications Solutions (“**Broadridge**”) in the United States and Canada. Broadridge typically applies a special sticker to proxy forms, mails those forms to the Beneficial Shareholders and requests the Beneficial Shareholders to return the proxy forms to Broadridge. Broadridge then tabulates the results of all instructions received and provides appropriate instructions respecting the voting of Common Shares to be represented at the Meeting. A Beneficial Shareholder receiving a proxy from Broadridge cannot use that proxy to vote Common Shares directly at the Meeting as the proxy must be returned as directed by Broadridge well in advance of the Meeting in order to have the Common Shares voted.

Although a Beneficial Shareholder may not be recognized directly at the Meeting for the purposes of voting Common Shares registered in the name of his broker (or agent of the broker), a Beneficial Shareholder may attend the Meeting as proxyholder for the registered Shareholder and vote Common Shares in that capacity. Beneficial Shareholders who wish to attend the Meeting and indirectly vote their Common Shares as proxyholder for the registered Shareholder should enter their own names in the blank space on the form of proxy provided to them and return the same to their broker (or the broker’s agent) in accordance with the instructions provided by such broker (or agent), well in advance of the Meeting.

In addition, a proxy may be revoked by the Shareholder executing another form of proxy bearing a later date and depositing same at the offices of Computershare Trust Company of Canada, 9th Floor, 100 University Avenue, Toronto, Ontario, M5J 2Y1 within the time period set out under the heading “Revocability of Proxy” or by the Shareholder personally attending the Meeting and voting his or her Common Shares.

IF YOU ARE A BENEFICIAL SHAREHOLDER AND WISH TO VOTE IN PERSON AT THE MEETING, PLEASE CONTACT YOUR BROKER OR AGENT WELL IN ADVANCE OF THE MEETING TO DETERMINE HOW YOU CAN DO SO.

BUSINESS OF THE MEETING

At the Meeting, Shareholders will consider the following items of regular business (see “Regular Business”):

- (i) to elect the directors of the Company for the ensuing year; and
- (ii) to re-appoint PricewaterhouseCoopers LLP, Chartered Accountants, as the auditors of the Company for the ensuing year and to authorize the directors to fix the remuneration to be paid to the auditors.

Regular Business

Election of Directors

Six directors are proposed to be elected at the Meeting. All directors so elected will, subject to the by-laws of the Company and to applicable laws, hold office until the close of the next annual meeting of the Shareholders, or until their respective successors are elected or appointed.

All of the nominees are currently members of the board of directors (the “**Board**”) and have been since the dates indicated below. The term of each current director’s appointment will expire at the Meeting. The persons designated in the enclosed form of proxy, unless instructed otherwise, intend to vote for the election of the following nominees. Management of the Company does not contemplate that any of the nominees will be unable to serve as a director, but if that should occur for any reason at or prior to the Meeting, the persons named in the enclosed form of proxy reserve the right to vote for another nominee in their discretion.

The following table sets forth for all persons proposed to be nominated by management for election as directors, the positions and offices with the Company now held by them, their present principal occupation and principal occupation for the preceding five years, the periods during which they have served as directors of the Company and the number of Common Shares of the Company beneficially owned, directly or indirectly, by each of them, or over which they exercise control or direction as at March 30, 2010.

Name and Municipality of Residence	Current Positions/ Offices Held and when Individual became a Director	Principal Occupation in the Past Five Years	Number of Common Shares Beneficially Owned Directly or Indirectly or Over which Control or Direction is Exercised ⁽¹⁾
Richard Smith ⁽²⁾⁽³⁾⁽⁴⁾ Calgary, Alberta Canada	Director, and Chairman of the Board of Directors January 1998	Independent Consultant (January 2006 – Present) President and Chief Executive Officer of Dow AgroSciences Canada, Inc., a wholly owned subsidiary of The Dow Chemical Company (February 1997 – December 2005)	211,100
Alexander R. Giaquinto ⁽³⁾⁽⁴⁾ West Caldwell New Jersey U.S.A.	Director May 2006	Senior Vice President of Regulatory Affairs and Quality Assurance and Chief Compliance Officer, Regado Biosciences Inc. (November 2008 – Present) Independent Consultant (January 2004 – Present)	10,000

Name and Municipality of Residence	Current Positions/ Offices Held and when Individual became a Director	Principal Occupation in the Past Five Years	Number of Common Shares Beneficially Owned Directly or Indirectly or Over which Control or Direction is Exercised ⁽¹⁾
Ian Brown ⁽²⁾ Calgary, Alberta Canada	Director November 2007	Independent Consultant (January 2006 – Present) Senior Managing Director, Raymond James Ltd. (May 1995 – December 2005)	137,000
Oye Olukotun ⁽²⁾⁽³⁾ Princeton New Jersey U.S.A.	Director December 2007	Chief Executive Officer, Cardiovox LLC (January 2007 - Present) Co-founder and Chief Medical Officer, VIA Pharmaceuticals, Inc. (September 2004 – December 2008)	Nil
James Szarko Calgary, Alberta Canada	Director, President and Chief Executive Officer January 2009	President and Chief Executive Officer of the Company (January 2009 – Present) Chief Financial Officer of the Company (September 2004 – December 2008) Independent Consultant (November 1997 – May 2005)	301,950
William H. Smith ⁽⁴⁾ Calgary, Alberta Canada	Director 2009	Counsel to McCarthy Tétrault LLP, Barristers & Solicitors (October 2007 – Present) Executive Vice President and General Counsel, Velo Energy Inc. (August 2009 – January 2010) Executive Vice President and General Counsel, Oilexco Incorporated (October 2007 - July 2009) Partner, McCarthy Tétrault LLP, Barristers & Solicitors (October 1986 - October 2007)	161,657

Notes:

- (1) Shares beneficially owned directly or indirectly, or over which control or direction is exercised is based upon information furnished to the Company by individual nominees.
- (2) Member of the Audit Committee.
- (3) Member of the Compensation Committee.
- (4) Member of the Corporate Governance and Nominating Committee.

Cease Trade Orders, Bankruptcies, Penalties or Sanctions

William H. Smith was a director and officer of Oilexco Incorporated when, as a consequence of the severe disruption in the financial and commodity markets during the fall of 2008, it filed for protection under the Companies Creditors' Arrangement Act (Canada) and its wholly owned subsidiary in the United Kingdom filed for administration for the benefit of its creditors. Oilexco Incorporated was subsequently suspended from trading by the TSX-V in September 2009 and on March 4, 2010 a cease trade order was issued by the Alberta Securities Commission against ScotOil Petroleum Ltd., the successor to Oilexco Incorporated, for failure to file financial statements which cease trade order is still outstanding. In addition, the directors of Oilexco Incorporated, including Mr. Smith, were reprimanded by the TSX-V based on the TSX-V finding that Oilexco Incorporated ought to have issued certain press releases when it was insolvent.

Appointment and Remuneration of the Auditors

Unless otherwise directed, it is management's intention to vote proxies in the accompanying form of proxy in favour of the appointment of the firm of PricewaterhouseCoopers LLP, Chartered Accountants, of Calgary, Alberta ("**PwC**"), as auditors of the Company, to hold office until the next annual meeting of the Shareholders and to authorize the directors to fix their remuneration as such. PwC have been the auditors of the Company since October 1, 1998.

COMPENSATION DISCUSSION AND ANALYSIS

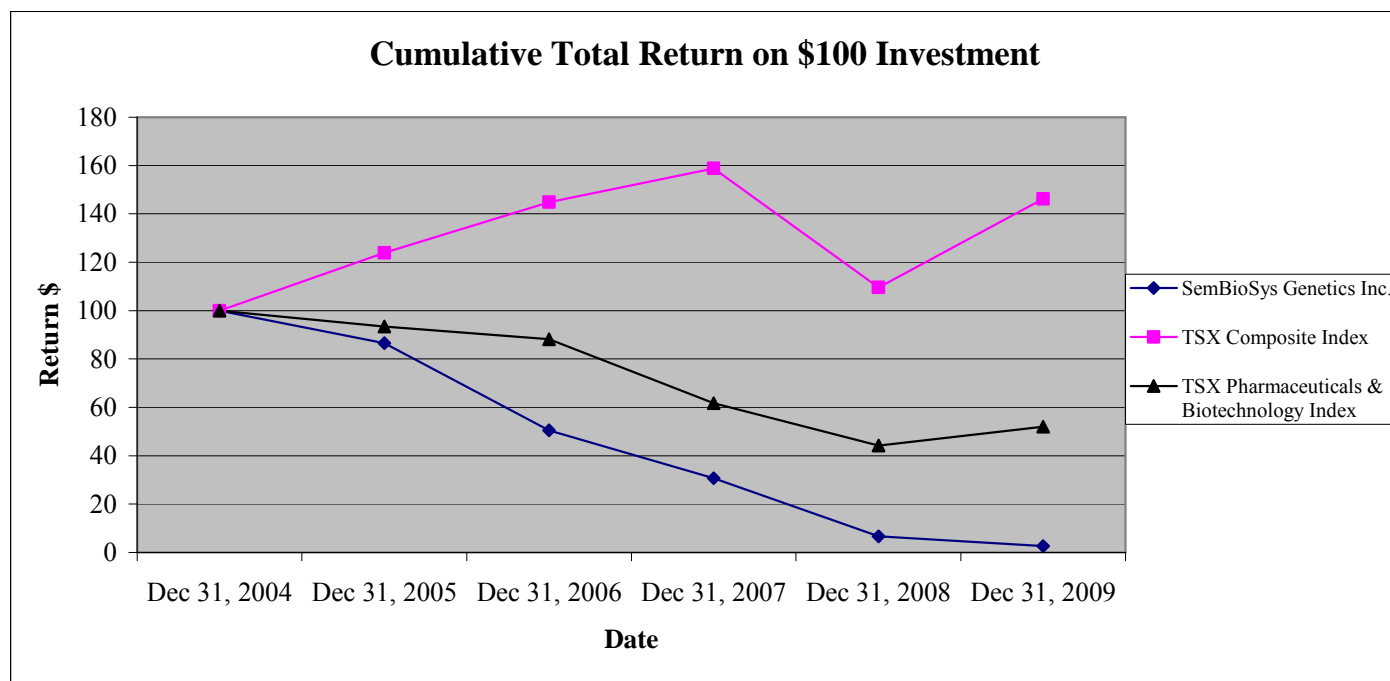
Compensation of the Company's Chief Executive Officer, Chief Scientific Officer and Chief Financial Officer (the "**Named Executive Officers**" or "**NEOs**") consists of three elements: base salary, a short term incentive component in the form of annual bonuses (target as a percentage of base salary) and a long term incentive component in the form of stock option allocations. The Company utilizes all three elements of compensation to assist in retaining and motivating the NEOs through the provision of competitive base and variable compensation, as well as the opportunity, through options, to acquire Common Shares of the Company. In all cases, compensation programs are designed to closely align the personal interests of the NEOs with those of the Company's Shareholders by rewarding performance that contributes directly to the success of the Company.

Both Company and individual performance against objectives play a key role in determining executive compensation. Annually, specific and measurable performance objectives are defined for the executive. In making compensation determinations, market data plays the predominant role in setting base salary and bonus target; however, corporate and personal performance against predefined objectives are the primary basis for awarding of the actual bonus amounts. The objectives/milestones against which the executives were evaluated included research and product development goals, execution of development and commercialization agreements, organizational development objectives and financial targets. These performance objectives were established to align the business interests of the Company with the performance of the NEOs and represented stretch goals.

In setting executive compensation for 2009, due to the current financial climate and the cash position of the Company, no base salary increases or bonuses were be paid in 2009. In addition, the NEOs accepted base salary decreases of 20% in July 2009. In addition, the CEO voluntarily did not draw a salary for the months of May and June of 2009 as a result of the Company's cash constraints. Stock based compensation was highlighted as an opportunity to motivate executives for reduced cash compensation.

The Stock Option Plan is in place to assist the Company in attracting, retaining and motivating executive employees and to closely align their personal interests with those of the Company's Shareholders by providing them with the opportunity, through options, to acquire Common Shares of the Company. The Company also has a Directors' and Officers' Alternate Compensation Plan ("**ACP**") to allow incentive compensation to be paid by issuing common shares in the capital of the Company, to satisfy any amount otherwise payable in cash for employee bonuses. The incentive plan was not utilized in 2009. Finally, the Company also has a Deferred Stock Unit ("**DSU**") Plan to provide selected officers, executives, consultants and members of the Board with compensation opportunities which are compatible with shareholder interests, encourage a sense of ownership and enhance the Company's ability to retain key personnel and reward significant performance achievements. This is achieved by eligible participants receiving director's remuneration earned, and annual bonus entitlements or salary entitlements payable or specified in deferred stock units.

Performance Graph



	<u>Dec 31, 2004</u>	<u>Dec 31, 2005</u>	<u>Dec 31, 2006</u>	<u>Dec 31, 2007</u>	<u>Dec 31, 2008</u>	<u>Dec 31, 2009</u>
SemBioSys Genetics Inc.	\$100	\$87	\$51	\$31	\$7	\$3
TSX Composite Index	\$100	\$124	\$145	\$159	\$110	\$146
TSX Pharmaceuticals & Biotechnology Index	\$100	\$93	\$88	\$62	\$44	\$52

Option –Based Awards

Stock option grants for 2009 were provided to NEOs to continue to align their personal interests with those of the Company's Shareholders by providing them with the opportunity, through options, to acquire Common Shares of the Company. In addition, stock options were awarded to NEOs to ensure competitive total compensation despite reduced 2009 NEO cash compensation. Black Scholes analysis was a tool used to facilitate this review.

The amount of outstanding options are considered when determining how many new option grants will be made. In determining new option grants, this data is used to allow the Compensation Committee to use stock options to provide incentive to executive officers to maintain employment with SemBioSys while allowing total stock option grants to be consistent with industry practice. For option based awards, as with all equity based incentive plans, the Compensation Committee is responsible for determining the value of the award for NEOs. 2009 stock option awards included consideration of the issue of NEO stock option dilution due to corporate offerings.

Summary Compensation Table

The following table provides a summary of compensation paid during the most recently completed fiscal year to the Company's Named Executive Officers. Except as disclosed below, no executive officer of the Company earned in excess of CDN\$ 150,000 by way of salary, bonuses or other compensation during the period ended December 31, 2009.

Name and principal position (1)	Year	Salary (\$) (2)	Share-based awards (\$) (3)	Option-based awards (\$) (4)	Non-equity incentive plan compensation (\$)		All other compensation (\$) (7)	Total compensation (\$)
					Annual incentive plans (5)	Long-term incentive plans (6)		
James Szarko CEO, CFO	2009	204,865	0	111,000	0	N/A	12,032	327,897
	2008	225,000	0	285,000	0		12,166	522,166
Maurice Moloney CSO	2009	247,500	0	62,000	0	N/A	15,205	324,705
	2008	270,000	0	114,000	0		16,330	400,330
Andrew Baum CEO	2009	38,242	0	0	0	N/A	1,292	39,534
	2008	353,000	0	114,000	0		16,940	483,940

Notes:

(1) Andrew Baum resigned as CEO in January 2009 and James Szarko assumed the role as the Company's President and CEO, in addition to retaining the CFO responsibilities.

(2) James Szarko's base salary increased from \$225K per annum to \$270K per annum in January 2009 when he was appointed CEO; his salary decreased to \$216K per annum on July 1, 2009, and he received no salary for the months of May and June 2009. Maurice Moloney's salary decreased from \$270K per annum to \$216K per annum on August 1, 2009.

(3) A DSU plan was adopted in 2009, however no awards were issued to executives during the year.

(4) The fair value of option-based awards has been estimated on the date of grant by reference to the Black-Scholes option pricing model using the following weighted average assumptions:

Risk-free interest rate:	2.45%
Expected hold period to exercise:	7 years
Volatility in the price of the Company's shares:	84%
Dividend yield	0%

None of these options were in-the-money at December 31, 2009.

(5) No amounts were paid in 2009 for 2008 performance under the annual incentive plan.

(6) The Company does not have a non-equity incentive plan.

(7) These amounts paid represent funds paid by the Company into employees' RRSP plans whereby the Company matches contributions of employees of up to 5% of their base salary. In addition, the Company paid the insurance premiums for personal insurance for Maurice Moloney for which the estate of Maurice Moloney is the beneficiary

As noted above, cash compensation in the form of base salary increases did not occur in 2009; base salary decreases for the fiscal years 2008 and 2009 were implemented. Bonuses were not paid to the executive officers due to the current market and financial climate and performance.

With respect to option based compensation for 2009, executive option allocations were provided with the primary drivers being alignment with shareholder interests, compensation for a reduction in cash compensation, recognition of stock option dilution and employee retention, resulting in higher than average allocations. This provision of greater option based compensation also supported the Company's goal of providing fair total compensation to the NEOs while ensuring the preservation of cash.

Incentive Plan Awards

Outstanding option-based awards

The following table sets forth information with respect to stock option grants exercisable into Common Shares of the Company made to the Named Executive Officers that were outstanding at December 31, 2009. The Company has no share-based awards outstanding for any of its employees.

Name	Option-based awards			
	Number of securities underlying unexercised options (#)	Option exercise price (\$)	Option expiration date	Value of unexercised in-the-money options (\$)
James Szarko	130,000	6.50	16-May-2012	0
	40,000	6.50	09-May-2013	0
	80,000	3.10	20-Mar-2014	0
	300,000	1.10	08-Jul-2015	0
	150,000	0.63	19-Jan-2016	0
	200,000	0.35	06-Oct-2016	0
Maurice Moloney	12,500	0.63	01-Jan-2011	0
	12,500	0.63	30-Apr-2011	0
	120,000	3.50	02-Nov-2011	0
	25,000	6.50	09-May-2013	0
	50,000	3.10	20-Mar-2014	0
	90,000	1.10	08-Jul-2015	0
	137,500	0.30	20-Feb-2016	0
	75,000	0.35	06-Oct-2016	0

The Company's share price on December 31, 2009 was \$0.20 and therefore all outstanding options were out-of-the-money at that date.

Value vested or earned during the year

The following table sets forth the aggregate dollar value that would have been realized if the options under the option-based award had been exercised on the vesting date.

Name	Option-based awards - Value vested during the year (\$)
James Szarko	0
Maurice Moloney	0

The Company used a combination of time based option vesting and performance based option vesting for some NEO option allocations in 2009 whereby performance based options vest as objectives are met throughout the year. Performance terms were set by the Compensation Committee and approved by the Board of Directors. For objectives that are not met within the predetermined timeframe, performance based options are forfeited. The use of performance based options that are dependant on the R&D, business development and financing objectives of the Company provides a direct

link between performance and compensation, thus providing a high level of motivation for the NEOs to meet their objectives.

With respect to the CEO/CFO, 200,000 stock options were allocated in October 2009 to meet the objectives of executive alignment with shareholder interests, compensation for a reduction in cash compensation, recognition of stock option dilution, employee retention, and preservation of cash.

With respect to the CSO, one set of 2009 options awarded included an allocation of 50% time based options and 50% performance based options. The objectives for which performance based options were allocated included research and product development and business development objectives. The CSO received an additional allocation of time based options in October 2009 based on the primary drivers discussed in the option based compensation discussion above.

Termination and Change of Control Benefits

In May 2007, the Company entered into an employment agreement with Maurice Moloney and in January 2009, the Company entered into an employment agreement with James Szarko that provides for the following termination and change of control benefits:

NEO Name	Dismissal without Cause	Change of Control Provisions
James Szarko ⁽¹⁾	Entitled to a lump sum termination payment of base salary, an additional 10% of the base salary for loss of group benefits and any bonus earned but unpaid up to the termination date.	If there is a change of control and the executive is not retained in the position of President & CEO, he may elect in a written notice to the Company within six (6) months of the date of a change of control, to treat the executive’s employment as being terminated by the Company without cause. The executive shall provide the Company with thirty days prior notice of the Termination Date and the executive shall be paid the compensation outlined under the dismissal without cause.
Maurice Moloney ⁽²⁾	Entitled to compensation and replacement compensation for a period of 12 months following termination or until benefits are obtained through alternate employment and any bonuses and share options earned prior to termination but shall not be entitled to any bonuses, share options or vesting of granted options during the 12 month period following their termination.	Entitled to receive the compensation and benefits stated under the “Dismissal without Cause” and to a lump sum payment of a bonus for the days they were employed during the year of the change of control calculated using the average of annual bonuses earned during the three year period prior to the change of control.

Notes:

(1) James Szarko entered into an employment agreement as President & CEO on January 9, 2009. An amendment to the January 9, 2009 employee agreement was executed on July 30, 2009 to reflect a decrease in base salary as discussed above

(2) Maurice Moloney resigned as Chief Scientific Officer on January 8, 2010

Director Compensation Table

The following table provides a summary of compensation paid for the most recently completed fiscal year ended December 31, 2009 to the Company's directors.

Name	Fees earned (\$)	Option- based awards (\$)	Share- based awards (\$)	All other compensation (\$) (1)	Total (\$)
Ian Brown	15,500	8,400	23,615	0	47,515
Alexander Giaquinto	15,600	8,400	19,543	5,207	48,750
Nancy Harrison	10,138	0	0	0	10,138
David Howard	12,738	0	0	0	12,738
Oye Olukotun	13,400	8,400	19,543	0	41,343
Rick Smith	20,900	8,400	27,686	0	56,986
William Smith	8,000	8,400	19,543	0	35,943

(1) Consulting fees in the amount of \$4,514 USD were paid to Alexander Giaquinto during the year for clinical regulatory advice.

The directors of the Company do not have service contracts. For the period ending March 31, 2009, each company director who was not an employee was paid in quarterly instalments as follows:

- Board member retainer of CDN \$3,000 per quarter plus \$1,000 per meeting fee
- Chairman of the Board retainer of CDN \$5,200 per quarter plus \$1,000 per meeting fee
- Audit Committee member retainer of CDN \$500 per quarter plus \$600 per meeting fee
- Audit Committee chairman retainer of CDN \$1,400 per quarter plus \$600 per meeting fee
- Corporate Governance & Nominating Committee member retainer of CDN \$400 per quarter plus \$400 per meeting fee
- Corporate Governance & Nominating Committee chairman retainer of CDN \$800 per quarter plus \$400 per meeting fee
- Compensation Committee or Product Acquisition Committee member retainer of CDN \$400 per quarter plus \$400 per meeting fee
- Compensation Committee or Product Acquisition Committee chairman retainer of CDN \$800 per quarter plus \$400 per meeting fee
- Financing Committee member retainer of CDN \$400 per quarter plus \$400 per meeting fee
- Financing Committee chairman retainer of CDN \$800 per quarter plus \$400 per meeting fee

Effective April 1, 2009, each company director who is not an employee was paid a quarterly retainer fee of \$4,000. No additional fees were be paid for chair positions, committee membership or meeting attendance. The reduction in fees in April 2009 was implemented in response to the financial position of the Company.

All directors are reimbursed for expenses incurred by them in their capacity as directors, including travel and other out-of-pocket expenses incurred in connection with meetings of the Board or any committee of the Board. Directors are eligible to receive stock options under the Company's Stock Option Plan.

The goal of the Company's Director Compensation is to ensure that Director compensation remains in line with market and Shareholders' interests and also to facilitate the attraction and retention of high calibre board members to the Company. The philosophy underlying the recommendation for Directors is to pay at the midpoint or average compared to market.

Outstanding option- and share-based awards

The following table sets forth information with respect to stock option grants and deferred stock unit grants exercisable into Common Shares of the Company made to the directors for services as such that were outstanding at December 31, 2009.

Name	Option-based awards				Share-based Awards	
	Number of securities underlying unexercised options (#)	Option exercise price (\$)	Option expiration date	Value of unexercised in-the-money options (\$)	Number of shares or units of shares that have not vested (#)	Market or payout value of share-based awards that have not vested (\$)
Ian Brown	20,000	1.10	08-Jul-2015	0	0	0
	7,500	2.00	08-Jul-2015	0		
	35,000	0.35	06-Oct-2016	0		
Alexander Giaquinto	10,000	6.50	09-May-2013	0	0	0
	15,000	2.77	09-May-2014	0		
	20,000	1.10	08-Jul-2015	0		
	35,000	0.35	06-Oct-2016	0		
Oye Olukotun	20,000	1.10	08-Jul-2015	0	0	0
	5,000	2.00	08-Jul-2015	0		
	35,000	0.35	06-Oct-2016	0		
Rick Smith	2,500	0.63	14-May-2011	0	0	0
	10,000	5.00	28-Jul-2012	0		
	10,000	6.50	09-May-2013	0		
	15,000	2.77	09-May-2014	0		
	20,000	1.10	08-Jul-2015	0		
	35,000	0.35	06-Oct-2016	0		
William Smith	35,000	0.35	06-Oct-2016	0	0	0

The Company's share price on December 31, 2009 was \$0.20 and therefore all outstanding options were out-of-the-money at that date.

Value vested or earned during the year

The following table sets forth the aggregate dollar value that would have been realized if the options under the option-based award and the DSUs under the share-based awards had been exercised on the vesting date.

Name	Option-based awards - Value vested during the year (\$)	Share-based awards - Value vested during the year (\$)	Non-equity incentive plan compensation - Value earned during the year (\$)
Ian Brown	0	23,615	0
Alexander Giaquinto	0	19,543	0
Nancy Harrison	0	0	0
David Howard	0	0	0
Oye Olukotun	0	19,543	0
Rick Smith	0	27,686	0
William Smith	0	19,543	0

Directors' 2009 stock based compensation was awarded to directors in the form of stock option grants and DSUs in consideration of the fact that the Board had reduced its cash remuneration significantly in 2009, taken on higher personal risk due to the cash restraints of the Company and dedicated far more of their personal time to the Company as a result of more frequent meetings and advisory required. In 2009, directors received a stock option allocation, taking into consideration the amount and value of outstanding options and higher than average stock option allocations were provided as consideration for the factors discussed above. Directors' options for 2009 were set to vest prior to the 2010 AGM to ensure vesting at the end of the term of Board participation.

Subsequent to 2009, Board of Directors' compensation for 2010 will be comprised of quarterly cash retainers and DSU compensation.

SECURITIES AUTHORIZED FOR ISSUANCE UNDER EQUITY COMPENSATION PLANS

Stock Option Plan

Under the Company's Stock Option Plan, the Board of Directors or the Compensation Committee may from time to time designate directors, officers, employees of, or providers of services to, the Company to whom options to purchase Common Shares of the Company may be granted and the number of Common Shares to be optioned to each.

The Stock Option Plan is in place to assist the Company in attracting, retaining and motivating directors, officers, employees, consultants and advisors (the "**Participants**") and to closely align their personal interests with those of the Company's Shareholders by providing them with the opportunity, through options, to acquire Common Shares of the Company.

The Stock Option Plan is administered by the Board, which has final authority and discretion, subject to the express provisions of the Stock Option Plan, to interpret the Stock Option Plan, to prescribe rules and regulations relating to it and to make all other determinations deemed necessary or advisable for the administration of the Stock Option Plan. This includes the discretion to decide who will participate in the Stock Option Plan. Currently, the Board may amend the Stock Option Plan or any term of any outstanding option, provided that the Board may not make the following amendments without the approval of securityholders of SemBioSys:

- (a) increase the maximum number of Common Shares that may be issued pursuant to options granted under the Stock Option Plan;
- (b) reduce the exercise price of options for the benefit of an Insider;
- (c) extend the expiry date of options for the benefit of an Insider;
- (d) increase the maximum number of Common Shares issuable; and
- (e) to amend the provisions of amendment procedures of the Stock Option Plan.

The Stock Option Plan is a rolling plan under which the Company may reserve for issuance pursuant to options granted a maximum of 12.5% of the number of Common Shares then issued and outstanding, less any Common Shares reserved for issuance under any other securities compensation arrangement of the Company.

The term of options is determined by the Board at the time the options are granted (the "**Grant Date**"), but such term may not exceed ten years from the Grant Date. Details concerning the term and vesting of options granted to directors of the Company are set out in the chart above under "Compensation of Directors".

Options granted are non-transferable. Vested options granted under the Stock Option Plan terminate immediately if a Participant is dismissed with cause. If a Participant resigns or is dismissed without cause, vested options will terminate 30 days after the resignation or termination date. If a Participant ceases to be a director, officer, employee, consultant or

advisor by reason of death, disability or illness, retirement, or other discretionary circumstances as approved by the Board, vested options granted under the Stock Option Plan will terminate on the earlier of: (i) the expiry of the option, or (ii) 6 months from the date of ceasing to be a director, officer, employee, consultant, or advisor. The Board determines when options granted under the Stock Option Plan expire, as long as the expiry date determined by the Board does not exceed ten years from the grant date, and the period during which the options may be exercised by the Participant. Should the expiry date of a vested option fall on, or within ten trading days immediately following a Black-Out Period or other trading restriction imposed by the Company, the expiry date of such a vested stock option will be the last day of the 10-day period.

The maximum number of Common Shares that may be reserved for issuance to any one eligible person pursuant to options granted under the Stock Option Plan is 5% of the number of common shares outstanding at the time of reservation. The maximum number of Common Shares that may be reserved for issuance to insiders pursuant to the Stock Option Plan and issuable to insiders under the Stock Option Plan within a one-year period is 10% of the Common Shares outstanding.

The exercise price for the Common Shares issued pursuant to the Stock Option Plan is determined by the Board but cannot be less than the closing market price of the Common Shares on the TSX on the trading day immediately prior to the grant of the option (if no trades occurred on such a day, then on the next previous day on which trading took place) less the maximum discount, if any, permitted by the TSX or such other price as may be set by the Board and approved by the TSX.

The Stock Option Plan also contains anti-dilution provisions which provide that Participants will be entitled to a pro-rata adjustment to the number of shares subject to options or to the exercise price of such options, or both, as is appropriate upon the occurrence of such events as a share dividend, share split, issuance of convertible securities for less than market value, share consolidation, share reclassification, exchange of Common Shares, recapitalization, amalgamation, merger, consolidation, corporate arrangement, reorganization, liquidation or events similar in nature. In the event of a take-over bid as defined in any applicable securities legislation, the vesting time for the exercise of options shall be accelerated to allow Participants to exercise all outstanding options to facilitate the tendering of Common Shares to the take-over bid.

The total number of Common Shares issued upon the exercise of options under the Stock Option Plan since the date on which the Common Shares were listed on the TSX is 499,146. Any exercise of options would make new grants available under the Stock Option Plan resulting in the “reloading” of the Stock Option Plan.

Alternate Compensation Plan

Under the Company’s ACP, the Compensation Committee of the Board, or such other committee designated by the Board, will administer the ACP and will make recommendations to the Board as to the officers, employees, consultants or directors (“**Participants**”) to whom Common Shares will be issued and the terms, conditions and limitations of such issuances. The Board retains the final decision making authority to determine the amount, if any, of any grant of Common Shares made under the ACP.

The ACP will permit the Company to, in circumstances considered appropriate, encourage the ownership of equity of the Company by its directors and employees, enhance the Company’s ability to retain key personnel and reward significant performance achievements while preserving the cash resources of the Company.

Under the ACP, the Company will have the option of paying fees to directors (“**Directors Fees**”) by the allotment and issuance from treasury to directors of such number of Common Shares as will be equivalent to the cash value of the Directors Fees. The ACP will also permit the Company, at its option, to provide for the payment of performance bonuses for certain employees (“**Designated Employees**”) of the Company through the issuance of Common Shares. Under this aspect of the ACP, the Compensation Committee may at any time recommend the allotment and issuance of Common Shares from treasury to Designated Employees in satisfaction of performance bonuses.

The issue price of Common Shares issued under the ACP shall be the closing price of the Common Shares on the market with the largest trading volume of the Common shares on the last trading date preceding the date of issuance to Participants. If there is no trading on that date, the issue price shall be the closing price on the next previous day on which trading took place, or such other amount as shall be determined by the Board of Directors and permitted by the stock

exchange upon which the Common Shares are from time to time listed for trading and any other applicable regulatory authority.

The maximum number of Common Shares reserved for issuance under the ACP is 1% of the Company's issued and outstanding Common Shares at any given time, provided that the combined number of Common Shares reserved for issuance under the ACP and the Stock Option Plan shall not exceed 12.5% of the Company's issued and outstanding Common Shares at any given time. As at December 31, 2009, no Common Shares have been reserved for issuance under the ACP.

Deferred Stock Unit Plan

Under the Company's DSU Plan (the "Plan"), the Plan will be unfunded and shall be administered by the Compensation Committee (the "Committee") unless the Board determines otherwise and the Committee shall establish such terms, conditions and limitations with respect to the issuance of DSUs as may be necessary or desirable in order to ensure that the Plan achieves its objectives. The Committee may establish such terms, conditions and limitations in relation to the issuance of DSUs (i) to any Designated Employee or Director (each as defined below) who is not a resident of Canada or (ii) otherwise to any Designated Employee or Director.

The purpose of the Plan is to provide selected officers, employees, consultants ("**Designated Employees**") of the Company and members of the Board ("**Directors**") with compensation opportunities which are compatible with shareholder interests, will encourage a sense of ownership, will enhance the Company's ability to retain key personnel and reward significant performance achievements.

Under the Plan, the Committee shall direct management of the Company to establish an account for each Participant. All DSUs shall be credited to the account as of the Award Date. The amount determined pursuant to the election (the "**Deferred Amount**") shall be expressed in Canadian dollars, and in each case, the number of DSUs (including fractional DSUs) to be credited to an account shall be determined by the Committee by dividing the Deferred Amount by the Market Price on the last trading day preceding the end of the relevant fiscal quarter in the case of Directors and on the trading day immediately preceding the Award Date in the case of Designated Employees, on which there was a closing price. The Accounts shall vest immediately but remain non-redeemable until such time as a Redemption Event occurs.

Upon the occurrence of a Redemption Event, all DSUs in the Unitholder's Account shall be redeemable for their Cash Equivalent or Common Shares. In all cases, the Committee shall have the final authority to determine whether the DSUs will be redeemed for their Cash Equivalent, Common Shares or a combination thereof.

The maximum number of Common Shares reserved for issuance under the Plan is 12.5% of the Company's issued and outstanding Common Shares at any given time, less any Common Shares issued and outstanding under any equity compensation plans of the Company (including, without limitation, the Stock Option Plan and the ACP) so that the combined number of Common Shares reserved for issuance under such equity compensation plans do not exceed 12.5% of the Company's issued and outstanding Common Shares at any given time.

The following table sets forth information with respect to the Company's Equity Compensation Plans as at December 31, 2009:

Plan Category	Number of Securities to be Issued Upon Exercise of Outstanding Options & Rights (a)		Weighted-Average Exercise Price of Outstanding Options & Rights (b)	Number of Securities Remaining Available for Future Issuance Under Equity Compensation Plans (Excluding Securities Reflected in Column (a)) (c)		Total number of Securities outstanding & available for grant (a) + (c)	
	Number	% of Common Shares Outstanding		Number	% of Common Shares Outstanding	Number	% of Common Shares Outstanding
Equity compensation plan approved by security holders							
<i>Stock Option Plan</i>	2,731,678	6.7	\$1.59	N/A	N/A	N/A	N/A
<i>Deferred Stock Unit Plan</i>	385,717	1.0	\$0	N/A	N/A	N/A	N/A
Total	3,117,395	7.7	\$1.39	1,964,304	4.8	5,081,699	12.5

The following table sets forth information with respect to the Company's Equity Compensation Plans as at March 30, 2010:

Plan Category	Number of Securities to be Issued Upon Exercise of Outstanding Options & Rights (a)		Weighted-Average Exercise Price of Outstanding Options & Rights (b)	Number of Securities Remaining Available for Future Issuance Under Equity Compensation Plans (Excluding Securities Reflected in Column (a)) (c)		Total number of Securities outstanding & available for grant (1) (a) + (c)	
	Number	% of Common Shares Outstanding		Number	% of Common Shares Outstanding	Number	% of Common Shares Outstanding
Equity compensation plan approved by security holders							
<i>Stock Option Plan</i>	2,582,948	5.0	\$1.59	N/A	N/A	N/A	N/A
<i>Deferred Stock Unit Plan</i>	385,717	0.8	\$0	N/A	N/A	N/A	N/A
Total	2,968,665	5.8	\$1.39	3,438,777	6.7	6,407,442	12.5

Notes:

- (1) This number represents the amount currently available under the Company's Stock Option Plan and Deferred Stock Unit Plan with a maximum number of Common Shares issuable of 12.5% of the then-issued and outstanding Common Shares at any given time. During the period of January 1, 2010 to March 30, 2010, no additional options or deferred stock units were granted to employees and 249,350 options were forfeited.

INDEBTEDNESS OF DIRECTORS AND EXECUTIVE OFFICERS

As at the date of this Circular, other than routine indebtedness as defined under applicable securities laws, there exists no indebtedness of any of the directors or executive officers to the Company.

INTERESTS OF INFORMED PERSONS IN MATERIAL TRANSACTIONS

There were no material interests, direct or indirect, of informed persons of the Company, nominees or directors, or any known associates or affiliates in any transactions since the commencement of the Company's last completed financial year or in any proposed transaction which has materially affected or would materially affect the Company.

INTERESTS OF CERTAIN PERSONS AND COMPANIES IN MATTERS TO BE ACTED UPON

Management of the Company is not aware of any material interest, direct or indirect, of any director or nominee for director, or senior officer or anyone who has held office as such since the beginning of the Company's last financial year or any associates or affiliates of any of the foregoing in any matter to be acted on at the Meeting.

CORPORATE GOVERNANCE PRACTICES

Effective June 30, 2005, National Instrument 58-101 - Disclosure of Corporate Governance Practices ("NI 58-101") and National Policy 58-201 - Corporate Governance Guidelines ("NP 58-201") were adopted in each of the provinces and territories of Canada. NI 58-101 requires issuers to disclose the corporate governance practices that they have adopted. NP 58-201 provides guidance on governance practices. The Company is also subject to Multilateral Instrument 52-110 - Audit Committees ("MI 52-110"), which has been adopted in various Canadian provinces and territories and which prescribes certain requirements in relation to audit committees. In addition to the disclosure provided below, the disclosure required on audit committees required by MI 52-110 can be located in "Audit Committee Information" in the Company's Annual Information Form dated March 30, 2010.

General

The Company is committed to sound and comprehensive corporate governance policies and practices and is of the view that their corporate governance policies and practices, outlined below, are comprehensive and consistent with NI 58-101, NP 58-201 and MI 52-110. The Corporate Governance & Nominating Committee is responsible for disclosing the Company's corporate governance practices.

Board of Directors

The Board of Directors of the Company encourages sound and comprehensive corporate governance policies and practices designed to promote the ongoing development of the Company.

Composition of the Board

The Company's Board is currently composed of six (6) directors, a majority of whom are independent directors. An "independent" board member, as defined in MI 52-110, means that such member has no "material relationship" with the issuer. A "material relationship" is a relationship which could, in the view of the Board, be reasonably expected to interfere with the exercise of a member's judgement. The following sets out the identity of the Company's independent and non-independent directors together with a list of reporting issuers of which the Company's directors are also a director.

Director	Independent	Reporting Issuer: Listing Exchange(s)
Richard Smith	Yes	Commercial Solutions, Inc.: TSX
Alexander Giaquinto	Yes	Protox Therapeutics Inc.: TSX
Ian Brown	Yes	Bonavista Energy Trust: TSX Cathedral Energy Services Ltd.: TSX Consolidated Westview Resource Corp.: TSX-V Petrobakken Energy Ltd.: TSX-V Petrobank Energy and Resources Ltd.: TSX, OBX Stem Cell Therapeutics Corp.: TSX-V
Oye Olukotun	Yes	None
William H. Smith	No	A.I.S. Resources Limited: TSX-V Huntington Exploration Inc.: TSX-V PFB Company: TSX
James Szarko	No	None

James Szarko, the president and chief executive officer of the Company, is not an independent director by virtue of his role on the Company's senior management team. Mr. Szarko is not a member of any of the committees that require independent members. Biographies of the Board can be found in this Circular beginning on page 4.

The Board holds a session independently from management at each Board meeting, and the Audit, Compensation and Corporate Governance and Nominating Committees are composed solely of independent directors. In addition, when deemed necessary, the Board holds meetings at which non-independent directors are not in attendance. There were 12 Board meetings during the most recent fiscal year of the Company.

Richard Smith, the Chairman of the Board (the "**Chair**") is an independent director and has served in that capacity since 2000. The Chairman of the Board is responsible for the management, the development and the effective performance of the Board of Directors, and provides leadership to the Board for all aspects of the Board's work. The Chair acts in an advisory capacity to the President and Chief Executive Officer ("**CEO**") and to other officers in all matters concerning the interests and management of the Company and, in consultation with the CEO, plays a role in the Company's external relationships.

The following table illustrates the attendance record of each director for all board meetings held in 2009.

Director⁽¹⁾	Attendance at Board Meetings	Attendance at Audit Committee Meetings	Attendance at Corporate Governance & Nominating Committee Meetings	Attendance at Compensation Committee Meetings
Richard Smith	11 of 12	3 of 4	1 of 1	2 of 2
Nancy Harrison ⁽³⁾	3 of 4	N/A	N/A	2 of 2
David Howard ⁽⁴⁾	4 of 4	1 of 1	1 of 1	2 of 2
Alexander Giaquinto	10 of 12	N/A	1 of 1	N/A
Ian Brown	11 of 12	4 of 4	N/A	N/A
Oye Olukotun	11 of 12	3 of 3	N/A	N/A
William H. Smith ⁽⁵⁾	6 of 8	N/A	1 of 1	N/A
James Szarko ⁽²⁾	12 of 12	N/A	N/A	N/A

- (1) The overall attendance was 89.47% at Board Meetings and 94.4% at Committee Meetings.
(2) Mr. Szarko was appointed to the Board of Directors on May 19, 2009 and attended all meetings prior to then as an invited guest.
(3) Ms. Harrison resigned from the Board in May 2009.
(4) Mr. Howard resigned from the Board in May 2009.
(5) Mr. William Smith was appointed in May 2009.

Board Mandate

The Board has adopted a Charter of Board Governance and Expectations in which it explicitly assumes responsibility for stewardship of the Company. A copy of the Charter of Board Governance and Expectations is attached as Appendix “A” to this Circular. The Corporate Governance & Nominating Committee is responsible for monitoring compliance with the mandate. Periodic reviews and updates are undertaken as circumstances dictate. The Board actively supervises the activities of management and delegates specific activities to management or committees of the Board. In addition to those matters which must be approved by the Board, whether by statute, policy or otherwise, the Board has specified limits to management’s responsibility and retains responsibility for significant changes in the Company’s affairs such as the approval of major capital expenditures, debt and equity financing arrangements and significant acquisitions and divestitures. The Board questions and scrutinizes management’s operating plans, operational budgets and actual results and major transactions.

Disclosure Policy

The Company has a Disclosure Policy. Periodic reviews and updates are undertaken as circumstances dictate. The Board has delegated responsibility for approval of all major announcements to the management Disclosure Committee. The Disclosure Policy can be found on the Company’s website at www.sembiosys.com under the Investors and then Corporate Governance Section.

Position Descriptions and Succession Planning

The Board has developed written position descriptions for the Chair and the chair of each board committee. The CEO also has a written position description that has been approved by the Board. Periodic reviews and updates are undertaken as circumstances dictate. The position descriptions can be found on the Company’s website at www.sembiosys.com under the Investors and then Corporate Governance Section.

The Company has a succession plan in place for each of its executive and senior members of management. During the course of 2009 and early 2010, there were changes in management generally in line with the succession plan. The Compensation Committee intends to review and revise the succession plan during the balance of 2010.

Orientation and Continuing Education

The Company is currently developing an Education & Orientation Policy Manual (the “**Education Policy Manual**”) outlining the role of the Board, its committees and its directors and duties necessary for directors to serve effectively. The Corporate Governance & Nominating Committee is responsible for new director orientation and education. The Education Policy Manual will also outline the salient information about the Company and its business.

The Education Policy Manual will be updated from time to time to reflect the increasing responsibilities of directors. The continuing education offered to directors includes an orientation at the time of each new committee assignment, an allowance for attendance at approved courses, presentations by management, site and facility tours and special presentations in response to directors’ requests. Most board meetings are held at the Company’s premises to allow for additional insight into the business and operations. In addition, directors meet with management regularly to review the business and affairs of the Company.

Ethical Business Conduct

The Company has adopted a Corporate Code of Ethics that applies to the directors, officers and employees of the Company. Periodic reviews and updates are undertaken as circumstances dictate. The Corporate Code of Business Conduct and Ethics can be found on the Company’s website at www.sembiosys.com under the Investors and then Corporate Governance Section.

The Corporate Governance & Nominating Committee mandate is to be responsible for actively monitoring and making recommendations to the Board concerning the governance of the Company. The Board has also adopted a confidential ‘whistleblowing’ mechanism through the Board Chairman who is not a member of the Company’s executive management.

In considering transactions and agreements in respect of which a director or executive officer has a material interest, the Board ensures that the individual director abstains from the discussion and conclusion with respect to the transaction or agreement, as the case may be.

The Company is committed to maintaining the highest standards of corporate governance and this philosophy is continually communicated by the Board to management which in turn is emphasized to the employees of the Company on a continuous basis.

Nomination of Directors

The Corporate Governance & Nominating Committee has a written charter that is available on the Company’s website at www.sembiosys.com under the Investors and then Corporate Governance Section.

It is part of the mandate of the Corporate Governance & Nominating Committee to recommend qualified candidates for the Board, annually review the credentials, skills, and business experience of new candidates and ensure that SemBioSys’ Board qualifications are maintained and are aligned with the skills and experience required for effective governance of SemBioSys and representation of Shareholders’ interests.

The Corporate Governance & Nominating Committee has a process to monitor the quality of, and recommend changes to, the relationship between and among the Board, its committees and management. This process includes an assessment which is a formal process adopted by the Board which also includes review of the size of the Board, and any impact of that size on the effectiveness of the Board and whether it is appropriate to reduce or increase the size of the Board. No formal assessment took place in 2009 due to the size of the Board and recent changes to the Board.

Compensation

The Company has a Compensation Committee that uses competitive pay information to review the compensation of directors and officers. The Committee considers the types, amounts and form of compensation paid to directors and

officers of comparable publicly traded biotechnology companies in Canada. The Compensation Committee is comprised solely of independent directors.

The Compensation Committee has a written charter that can be found on the Company's website at www.sembiosys.com under the Investors and then Corporate Governance Section.

The Compensation Committee monitors the risks, responsibilities and increasing workloads of directors and officers, and is responsible for recommending compensation to the Board. This Committee also monitors the performance of senior management, is actively involved in management succession, recruitment, planning, and appointment of senior executives. In addition, the Compensation Committee and the Board establish the CEO's objectives on an annual basis, and progress against these objectives is reviewed regularly by the Board. Executive compensation disclosure is reviewed by the Compensation Committee prior to its public disclosure.

The Company has engaged a consultant, TLS Consulting, to assist as required in completing compensation surveys and related work in determining the directors' and officers' compensation. In addition, this consultant has been engaged to perform other human resource functions on a part time basis as the Company does not have an employee with a human resources specialization.

Further information pertaining to the compensation of directors and officers can be found in this Circular under the heading "Statement of Executive Compensation".

Other Board Committees

The Company has a Financing Committee that is responsible for reviewing equity financing transactions that are being undertaken. The Company also has a New Product Selection Committee that provides oversight on the Company's process for selecting new products to work on. Both of these committees report to the Board.

Further information pertaining to membership on the committees of the Board can be found in this Circular under the heading "Election of Directors".

Assessments

An assessment of the performance of the Board as a whole and its committees is conducted including an assessment of the Chair of the Board by Board survey, as well a review of the contributions of individual directors is undertaken periodically. No formal assessment was undertaken in 2009 as a result of changes to the Board. Additionally, the Chair of the Board monitors the quality of the relationship between management and the Board in order to recommend ways to improve that relationship. Each director completes a written self-assessment questionnaire periodically and discusses its content and his/her contribution to the Board and its committees with the Chair of the Board. It is anticipated that such a review will take place in 2010.

ADDITIONAL INFORMATION

Additional information relating to the Company can be found on SEDAR at www.sedar.com.

Upon request, the Company will provide one copy of the audited comparative financial statements for the period ended December 31, 2009 and the auditors' report thereon, Management's Discussion and Analysis dated March 30, 2010 and the Annual Information Form dated March 30, 2010 to any securityholder.

Copies of these documents will be provided free of charge upon request to:

SemBioSys Genetics Inc.
110, 2985 – 23rd Avenue N.E.
Calgary, Alberta T1Y 7L3

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Attention: Abby Garfunkel

Financial information about the Company is provided in the Company's audited comparative financial statements and Management's Discussion and Analysis for its most recently completed financial year.

OTHER MATTERS

Management knows of no matters to come before the Meeting other than the matters referred to in the Notice of Annual General Meeting of Shareholders. However, if any other matters which are not now known to management should properly be brought before the Meeting, the accompanying form of proxy confers discretionary authority upon the person named therein to vote on such matters in accordance with their best judgment.

SHAREHOLDER PROPOSALS

For the next annual general meeting of shareholders of the Company, shareholders must submit any proposal that they wish to raise at the meeting on or before December 30, 2010.

APPROVAL OF DIRECTORS

The contents and the sending of this Circular have been approved by the board of directors of the Company.

(signed) JAMES SZARKO
President and Chief Executive Officer

APPENDIX “A”
CHARTER OF BOARD GOVERNANCE AND EXPECTATIONS

1.0 ROLE OF THE BOARD

- This Board Charter sets out the principles for the operation of the Board of Directors of SemBioSys Genetics Inc. (the “**Company**” or “**SemBioSys**”) and describes the functions of the Board.
- The Board has primary responsibility to shareholders for the welfare of the Company by guiding and monitoring the business and affairs of the Company. The Company recognizes the importance of the Board in providing a sound base for good corporate governance in the Company’s operations.
- The Board must at all times act honestly, fairly and diligently in all respects in accordance with the legislation applicable to the Company. Furthermore, the Board will at all times act in accordance with all relevant Company policies.
- Each of the Directors, when representing the Company, must act in the best interests of the Company’s shareholders and in the best interests of the Company as a whole.
- This Charter, and those of the various committees of the Board, have been prepared and adopted on the basis that there is a contribution that good governance and good governance procedures can add to the performance of the Company.

2.0 RESPONSIBILITIES OF THE BOARD

- The Board will ensure that management has in place appropriate processes for risk assessment, management, internal control, and monitoring performance against agreed benchmarks. The Board will work with senior executives to advance the interests of the Company.
- This Charter delegates authority and recognizes that, once delegated, management needs to be free to manage. The Board will not be too accepting of management’s views and will test and question management’s assertions, monitor progress, evaluate management’s performance and, where warranted, take corrective action.
- It is the responsibility of the Board to oversee the direction and management of the Company in accordance with applicable law, the Company’s Bylaws and applicable rules and regulations of the Toronto Stock Exchange, while adhering to high ethical standards. Specific tasks and actions of the Board in fulfilling these general responsibilities are as follows:

2.1 The Board is responsible for the management of the affairs of SemBioSys including:

- Financial strategic objectives;
- Evaluating, approving and monitoring the strategic and financial plans of the Company;
- Evaluating, approving and monitoring the annual budgets and operational plans of the Company;
- Evaluating, approving and monitoring major capital expenditures, capital management and all major corporate transactions; and
- Ensuring that, where possible, all the Company’s business activities, including planning and development, are consistent with the Company’s priorities and Strategic Plan.

2.2 Executive Management

- Appointing, monitoring, managing the performance of, and, if necessary, terminating the employment of the Chief Executive Officer;
- Managing succession planning for senior executive positions. It is envisaged that this would involve working with the Chief Executive Officer to identify the requirements for critical positions and individuals who can fill those positions on both an emergency basis and over the longer term; and
- Approving the appointment, and terms of appointment, of senior executives.

2.3 Risk management

- Monitoring the Company's performance in relation to principles of best-practice corporate governance (as identified and resolved by the Board);
- Approving and monitoring the Company's risk-management framework;
- Approving and monitoring compliance with SemBioSys' key corporate policies and protocols; and
- Monitoring the Company's operations in relation to, and compliance with, relevant regulatory requirements.

2.4 Guidelines for risk management and strategic planning

- The Board will be actively and regularly involved in risk management and strategic planning. Strategic planning will be based on the identification of opportunities and the full range of business risks that will determine which of those opportunities are most worth pursuing. The Board recognizes that strategic planning is an ongoing process that must be responsive to changes in the external environment and internal developments;
- The Board's involvement in strategic planning and the monitoring of risks does not mean the Board intends to manage the business, but it recognizes the Board is responsible for overseeing management and holding it to account;
- The Board will oversee the process that management has in place to identify business opportunities and risks;
- The Board will consider the extent and types of risk that are acceptable for the Company to bear;
- The Board will monitor management's systems and processes for managing a broad range of business risks; and
- The Board will, on an ongoing basis, review with management how the strategic environment is changing, what key business risks and opportunities are appearing, how they are being managed and what, if any, modifications in strategic direction should be adopted.

2.5 Systems Integrity

- Confirm with the Audit Committee that it has reviewed and discussed the adequacy of the Company's internal controls and management information systems;
- Review, adopt and confirm distribution to appropriate personnel of a Code of Ethics for Directors and executives and other governing policies. Review and evaluate whether the Company, and its executives conduct themselves in an ethical manner and in compliance with laws, regulations, audit and accounting principles and the Company's own governing policies; and
- Ensure that the Board has free and full access to management regarding all matters of compliance and performance.

2.6 Communication Policy

- Delegate general responsibility to the management Disclosure Committee to ensure compliance with timely and continuous disclosure requirements;
- Review annually the Disclosure Policy and suggest changes to the Policy that the committee deems appropriate for consideration by the entire Board; and
- Feedback from stakeholders is facilitated by the inclusion of contact information for the CEO and Investor Relations group on all press releases.

2.7 Material Transactions

- Review and approve any material transactions outside of the corporate budget including, but not limited to, long term contracts, licenses or obligations which will outlive an individual's relationship with the Company.

3.0 BOARD STRUCTURE & FUNCTION

3.1 Composition of the Board of Directors

- Ensure that the majority of Directors are "independent", as defined by the highest test set by the Company's governing regulatory bodies.

3.2 Annual Disclosure of Directors

- Publicly disclose conclusions as to the independence of the Directors as defined by the rules of the Ontario Securities Commission and the Toronto Stock Exchange.

3.3 Assessing Directors

- Review and discuss promptly any issues regarding Board membership of any Director whose employment or professional status has materially changed; and
- Review and discuss any issues regarding Board membership of any Director who is also a standing director and/or officer of any other public company.

3.4 Position of Chairman of the Board

- Appoint as Chairman of the Board an independent Director.

3.5 Board Evaluation

- At least annually evaluate the Board's own performance in fulfilling its obligations outlined in this Charter and any other duties charged to the Board; and
- Annually review the size of the Board, and any impact of that size on the effectiveness of the Board and whether it is appropriate to reduce or increase the size of the Board.

3.6 Compensation of Directors

- Annually review the compensation paid to Directors.

3.7 Board Committees

- Consider that Board committees should generally consist of outside Directors;
- Ensure that the majority of Directors on all committees be independent and unrelated Directors; and
- Annually review the Charter for each committee and consider any changes recommended by such committee or the full Board.

3.8 Governance and Nominating Committee

- Appoint a Governance and Nominating Committee to annually nominate Board members for election by Shareholders and recommend new Board members to fill any vacancies;
- Ensure all members are independent;
- Delegate general responsibility for review and evaluation of corporate governance issues to the Governance and Nominating Committee;
- Review annually the Governance and Nominating Committee Charter, and suggest changes to the Charter that the committee deems appropriate for consideration by the entire Board; and
- Undertake orientation for new Directors.

3.9 Audit Committee

- Delegate general responsibility to the Audit Committee to (1) select and provide for compensation of the Company's independent auditors and (2) oversee the audits of Company's financial statements and its financial reporting and disclosure processes, and (3) evaluate the independence and performance of the Company's independent auditors;
- Ensure that all committee members are independent;
- Review annually the Audit Committee Charter and suggest changes to the Charter that the committee deems appropriate for consideration by the entire Board; and
- Prepare an annual Audit Committee Report for inclusion in the Company's Annual Information Circular.

3.10 Compensation Committee

- Delegate general responsibility to the Compensation Committee for senior executive compensation, including a review of compensation and performance in relation to corporate objectives;
- Ensure all members are independent;
- Prepare annually a report on executive compensation for inclusion in the Company's Annual Information Circular;
- Review annually the Compensation Committee Charter and suggest changes to the Charter that the committee deems appropriate for consideration by the entire Board;
- Review annually the Company's incentive stock option plan; and
- Approve all grants under the Company's incentive stock option plan.

3.11 Outside Advisors for Directors

- Ensure that the Board and each committee of the Board are permitted to engage outside advisors at the Company's expense as they deem appropriate.

3.12 Director Succession

- Ensure that there is a succession plan for Directors and the Company's independent Chairperson.

3.13 General

- Perform such other functions as prescribed by law and in the Company's By-laws.

3.14 Amendments to Charter of Board Governance and Expectations

- Annually review this Charter and propose amendments to be ratified by a simple majority of the Board.

4.0 PERSONAL AND PROFESSIONAL CHARACTERISTICS OF BOARD MEMBERS

The following characteristics and traits outline the framework for the recruitment and selection of Board of Director nominees:

4.1 Conduct and Accountability

- Nominee must demonstrate high ethical standards and conduct in their personal and professional lives, and make and be accountable for their decisions in their capacity as Board members.

4.2 Judgment

- Nominee must demonstrate to the satisfaction of the Board a capacity to provide sound advice on a broad range of industry and community issues;
- Nominee must have or develop to the satisfaction of the Board a broad knowledge base of the Company's industry in order to understand the basis from which corporate strategies are developed and business plans produced; and
- Nominee must be able to provide to the satisfaction of the Board a mature and useful perspective as to the business plan, strategy, risks and objectives of the Company.

4.3 Financial Literacy

- Nominee must demonstrate to the satisfaction of the Board a sound level of financial literacy including the ability to understand financial statements and use financial metrics to evaluate the financial health and performance of the Company.

4.4 Teamwork

- Nominee must demonstrate to the satisfaction of the Board that he or she will put Board and Company performance ahead of individual achievements.

4.5 Communication

- Nominee must demonstrate to the satisfaction of the Board a willingness to listen as well as to communicate their opinions openly and in a respectful manner.

4.6 Experience

- Nominee must have demonstrated and continue to demonstrate to the satisfaction of the Board a high level of achievement in their personal and professional lives that reflects high standards of personal and professional conduct

