

AGENCY AGREEMENT

October 11, 2018

Pediapharm Inc.

225-1 Place du Commerce
Verdun, QC
H3E 1A2

Dear Sirs/Mesdames:

Cormark Securities Inc. (“**Cormark**”) and Mackie Research Capital Corporation (“**Mackie**”, and together with Cormark, the “**Agents**”) understand that Pediapharm Inc. (the “**Company**”) proposes to create, issue and sell, subscription receipts of the Company consisting of a combination of:

- (i) subscription receipts (the “**Unit Subscription Receipts**” as further described in Section 7 hereof) at a price of \$0.34 per Unit Subscription Receipt, to be exchangeable for “**Units**” (as defined herein); and
- (ii) subscription receipts (the “**Debenture Subscription Receipts**” as further described in Section 7 hereof, and together with the Unit Subscription Receipts, the “**Subscription Receipts**”) at a price of \$1,000 per Debenture Subscription Receipt, to be exchangeable for Convertible Debentures (as defined herein),

in each case pursuant to the terms and conditions set out herein (the “**Brokered Offering**”). The Agents further understand that the Company intends to, concurrently with the Brokered Offering, complete a non-brokered private placement of Subscription Receipts (the “**Non-Brokered Offering**”, together with the Brokered Offering, the “**Offering**”). The maximum aggregate gross proceeds of the Offering is \$65,000,000.

Hereinafter, unless context dictates otherwise, or it is explicitly stated, all references to “**Subscription Receipts**”, “**Units**”, “**Unit Warrants**”, “**Conversion Units**”, “**Underlying Shares**” and/or “**Underlying Warrants**” shall refer only to the Subscription Receipts and the corresponding underlying securities sold pursuant to the Brokered Offering. All capitalized terms used in this Agreement, unless expressly provided otherwise, shall have the meanings ascribed thereto in Section 1.1 of this Agreement.

The Subscription Receipts sold pursuant to the Offering will be created pursuant to a subscription receipt agreement (the “**Subscription Receipt Agreement**”) among the Company, the Agents, Goodwood (as defined herein) and Computershare Trust Company of Canada, as subscription receipt agent (the “**Subscription Receipt Agent**”), to be dated as of the Closing Date.

The gross proceeds from the Offering, excluding the expenses of the Agents in accordance with Section 16 of this Agreement (the “**Brokered Escrowed Proceeds**”), will be deposited at the Time of Closing in escrow with the Subscription Receipt Agent, and invested in accordance with the provisions of Article 4 of the Subscription Receipt Agreement. The Brokered Escrowed Proceeds, together with all interest and other income earned thereon, are referred to herein as the “**Brokered Escrowed Funds**”.

Upon the satisfaction of the Escrow Release Conditions at or prior to the Escrow Release Deadline, and subject to the terms and conditions of the Subscription Receipt Agreement: (a) the Brokered Escrowed Funds shall be released to the Company (less the Agents’ Commission together with the *pro rata* portion of accrued interest earned or income generated thereon); (b) the holders of Unit Subscription Receipts

will automatically be entitled to receive one Unit for each Unit Subscription Receipt held (as further described in Section 7); and (c) the holders of Debenture Subscription Receipts will be automatically entitled to receive, one Convertible Debenture for each Debenture Subscription Receipt held (as further described in Section 7).

Subject to the terms and conditions of the Subscription Receipt Agreement, if, prior to the Escrow Release Conditions being satisfied, either (i) the Escrow Release Conditions are not satisfied on or before the Escrow Release Deadline, or (ii) the Company advises the Agents or announces to the public that it does not intend to satisfy the Escrow Release Conditions (the occurrence of either of (i) or (ii) above being an “**Escrow Return Event**”), the Brokered Escrowed Funds shall be returned to the holders of the Subscription Receipts together with their *pro rata* portion of the interest earned or income generated, if any, from, and including, the Closing Date to, but excluding, the date of the Escrow Return Event, and the Subscription Receipts will be cancelled without any further action on the part of the holders. To the extent that the Brokered Escrowed Funds are not sufficient to refund the aggregate purchase price paid by the holders of the Subscription Receipts, plus their *pro rata* portion of the interest earned or income generated thereon from, and including, the Closing Date to, but excluding, the date of the Escrow Return Event, the Company will be responsible and liable to contribute such amounts as are necessary to satisfy any shortfall.

The Offering is being undertaken in connection with the contemplated Medac Acquisition and Medexus Acquisition. The completion of the Offering is a condition precedent to both the Medac Acquisition Agreement and the Medexus Amalgamation Agreement.

In consideration of the services to be rendered by the Agents in connection with the Brokered Offering, the Company shall (i) pay to the Agents the Agents’ Commission and the other fees and expenses of the Agents and (ii) issue to the Agents Compensation Warrants, in each case in accordance with Sections 15 and 16 of this Agreement, as applicable.

Upon and subject to the terms and conditions set forth herein, the Agents hereby agree to act, and upon acceptance hereof, the Company hereby appoints the Agents, as the Company’s exclusive agents, to offer for sale by way of private placement on a “best efforts” agency basis, without underwriter liability, the Subscription Receipts to be issued and sold pursuant to the Brokered Offering and the Agents agree to arrange for Purchasers of the Subscription Receipts in the Selling Jurisdictions. It is understood and agreed that the Agents shall act as agents only and are under no obligation to purchase any of the Subscription Receipts, provided that the Agents may subscribe for and purchase Subscription Receipts if they so desire.

The obligations of the Agents under this Agreement are several and not joint or joint and several. No Agent will be liable for any act, omission, default or conduct by any other Agent or any selling firm appointed solely by any other Agent.

Offers and sales of Subscription Receipts may also be made to, or for the account or benefit of, persons in the United States and U.S. Persons, who are Qualified Institutional Buyers on a private placement basis pursuant to the exemption from the registration requirements of the U.S. Securities Act provided by Rule 506(b) of Regulation D and similar exemptions under applicable state securities laws through a U.S. Placement Agent and in accordance with the provisions of Schedule “A” to this Agreement. The Agents and the Company acknowledge that Schedule “A” forms part of this Agreement.

The Company agrees that the Agents will be permitted to appoint other registered dealers or other dealers duly qualified in their respective jurisdictions, in each case acceptable to the Company, acting reasonably,

as their agents to assist in the Brokered Offering in the Selling Jurisdictions and that the Agents may determine.

This offer is conditional upon and subject to the additional terms and conditions set forth below.

1. Definitions

1.1 Unless expressly provided otherwise, where used in this Agreement or any schedule hereto, the following terms shall have the following meanings, respectively:

“**Acquisitions**” means, collectively, the Medac Acquisition and the Medexus Acquisition;

“**Affiliate**” means any other person that directly, or indirectly through one or more intermediaries, controls, or is controlled by, or is under common control with, such person;

“**Agents**” shall have the meaning ascribed thereto in the first paragraph of this Agreement;

“**Agents’ Commission**” shall have the meaning ascribed thereto in Section 15;

“**Agreement**” means this agreement resulting from the acceptance by the Company of the offer made by the Agents herein;

“**Applicable Securities Laws**” means, collectively, the applicable securities laws of each of the Selling Jurisdictions and their respective regulations, rulings, rules, orders and prescribed forms thereunder, and the applicable policy statements issued by the Securities Commissions thereunder;

“**Brokered Escrowed Funds**” shall have the meaning ascribed thereto in the sixth paragraph of this Agreement;

“**Brokered Escrowed Proceeds**” shall have the meaning ascribed thereto in the sixth paragraph of this Agreement;

“**Brokered Offering**” shall have the meaning ascribed thereto in the first paragraph of this Agreement;

“**Brokered Subscription Agreements**” means the written agreements to be entered into between the Purchasers and the Company setting out the contractual relationship between the Purchasers and the Company with respect to the purchase and sale of the Subscription Receipts under the Brokered Offering;

“**CBCA**” means the *Canada Business Corporations Act* and the regulations promulgated thereunder;

“**CDS**” means CDS Clearing and Depository Services Inc.;

“**Closing Date**” means October 11, 2018, or such earlier or later date as the Company and the Agents may agree;

“**Company**” means Pediapharm Inc.;

“**Compensation Shares**” means Shares issued pursuant to the exercise of the Compensation Warrants in accordance with and subject to the terms and conditions of the Compensation Warrant Certificates;

“**Compensation Warrants**” shall have the meaning ascribed thereto in Section 15;

“**Compensation Warrant Certificates**” means the certificates representing the Compensation Warrants, which certificate shall govern the terms and conditions of the Compensation Warrants;

“**control**” (including the terms “controlled by” and “under common control with”) means the possession, direct or indirect, of the power to direct or cause the direction of the management, policies or activities of a person, whether through the ownership of securities, by contract or agency or otherwise;

“**Conversion Price**” means \$0.34 per Conversion Unit;

“**Conversion Units**” means the units of the Company comprised of Underlying Shares and Underlying Warrants;

“**Convertible Debentures**” means, collectively, the unsecured convertible debentures of the Company issued upon the deemed exchange of the Debenture Subscription Receipts and convertible, for a period of five years following the Exchange Date, into Underlying Shares and Underlying Warrants, the terms and conditions of which Convertible Debentures are set out in the Convertible Debenture Indenture;

“**Convertible Debenture Indenture**” means the indenture dated as of the Exchange Date to be entered into between the Company and the Debenture Trustee, which contains the terms and conditions of the Convertible Debentures;

“**Cormark**” means Cormark Securities Inc.;

“**Debenture Subscription Receipts**” shall have the meaning ascribed thereto in the first paragraph of this Agreement;

“**Debenture Term Sheet**” means the term sheet delivered to potential purchasers of Debenture Subscription Receipts, as may be amended from time to time;

“**Debenture Trustee**” mean Computershare Trust Company of Canada in its capacity as trustee for the holders of the Convertible Debentures;

“**Employee Plans**” shall have the meaning ascribed thereto in subsection 9.1(ddd);

“**Environment**” means the natural environment, including, without limitation, the soil, ambient air, surface water, ground water, land surface or subsurface strata and those living organisms that interact therewith;

“**Environmental Laws**” shall have the meaning ascribed thereto in subsection 9.1(yy);

“**Environmental Permits**” shall have the meaning ascribed thereto in subsection 9.1(aaa);

“**Escrow Release Conditions**” shall have the meaning ascribed thereto in the Subscription Receipt Agreement;

“**Escrow Release Deadline**” means 5:00 p.m. (Toronto time) on or prior to the date that is 90 days after the Closing Date;

“**Exchange Date**” means, subject to the terms and conditions of the Subscription Receipt Agreement, the date on which the Subscription Receipts are deemed to have been exchanged for Convertible Debentures or Units, as applicable;

“Existing Debentureholder Consents” means, collectively, the written consent and acknowledgement required to be obtained by the Company from each holder of the outstanding convertible secured debentures of the Company with respect to the issuance of the Convertible Debentures and the other matters relating to the Offering and the Acquisitions that require the consent of such holders of such convertible secured debentures;

“Expiry Time” means 4:30 p.m. (Calgary time) on the date that is 90 days after the date hereof;

“Goodwood” means Goodwood Inc., a corporation governed by the laws of the Province of Ontario;

“Governmental Authority” means any (i) multinational, federal, provincial, state, regional, municipal, local, governmental or public department, ministry, central bank, court, tribunal, arbitral body, commission, council, agency board or bureau, domestic or foreign, (ii) any quasi-governmental body exercising any regulatory, administrative, expropriation or Tax Authority under or for the account of any of the foregoing, (iii) any judiciary or quasi-judiciary tribunal, court, mediator or body, (iv) any Securities Commission or stock exchange, including the TSX-V, or (v) any self-regulatory organization;

“Hazardous Substances” shall have the meaning ascribed thereto in subsection 9.1(yy);

“Health Care Laws” means all applicable supranational, foreign, federal, state, provincial, and local health care Laws relating to the creation, sale, distribution and use of pharmaceutical drugs, including, without limitation, health care fraud and abuse Laws and regulations, all criminal Laws relating to health care fraud and abuse and any and all other applicable supranational, foreign, federal, state, provincial, and local Laws relating to the manufacturing, development, testing, labeling, marketing, advertising, promotion, or distribution of pharmaceutical drugs and the quality, safety, privacy, security, licensure or any other aspect thereof;

“including” means including without limitation;

“Indemnified Party” shall have the meaning ascribed thereto in Section 13.1;

“Intellectual Property” means all proprietary rights provided in law and at equity recognized under the laws in which the Company conducts business as of the date hereof, whether under common law, by statute or otherwise, to all: (i) trade-marks, service marks, trade dresses, logos, designs and slogans whether in word, mark, stylized or design format, registered and unregistered, throughout the world and any associated goodwill; (ii) patents and patent applications (respectively issued or filed throughout the world), as well as any re-examinations, extensions, and reissues thereof and any divisionals, continuations, continuation-in-parts and any other applications or patents that claim priority from such patents and applications, (iii) copyrights, whether registered or unregistered, and all rights, claims and privileges pertaining thereto, including moral rights and the benefit of any waivers of moral rights, software and documentation therefor, (iv) inventions (whether or not patentable), formulas, processes, invention disclosures, technology, technical data, preclinical and clinical data and results, or information; (v) all rights, licenses, claims and privileges pertaining thereto, all industrial designs, trade secrets, domain names, know-how, concepts, information; and (vi) other intellectual and industrial property and other proprietary rights information, patterns, plans, designs, research data, other proprietary know-how, processes, drawings, technology, inventions, formulae, specifications, performance data, quality control information, unpatented blue prints, flow sheets, equipment and parts lists, instructions, manuals, records and procedures;

“**Investor Presentation**” means the marketing presentation of the Company dated September 2018 which was prepared in connection with the Brokered Offering, as the same may be amended or supplemented and re-delivered to Purchasers prior to the Time of Closing;

“**Knowledge of the Company**” and similar phrases means the knowledge of any of Sylvain Chrétien, President and Chief Executive Officer of the Company and Roland Boivin, Chief Financial Officer of the Company after having made reasonable inquiry of appropriate and relevant internal persons and consultants in a contractual relationship with the Company and/or a subsidiary of the Company and documentation, provided that in relation to Medac and Medexus, as applicable, “**Knowledge**” shall mean the actual knowledge of any such officer, based on the due diligence investigation conducted by the Company in connection with the Acquisitions.

“**Laws**” means Canadian Securities Laws and all other statutes, regulations, statutory rules, orders, by-laws, codes, ordinances, decrees, the terms and conditions of any grant of approval, permission, authority or licence, or any judgment, order, decision, ruling, award, policy or guideline, of any Governmental Authority, and the term “applicable” with respect to such Laws and in the context that refers to one or more persons, means that such Laws apply to such person or persons or its or their business, undertaking, property or securities and emanate from a Governmental Authority, having jurisdiction over the person or persons or its or their business, undertaking, property or securities;

“**Material Adverse Effect**” means any change, event, occurrence, effect or circumstance that is or could reasonably be expected to be material and adverse to the business, financial condition, or results of operations of the Company and its subsidiaries taken as a whole, or that is materially adverse to the Company’s ability to complete any of the transactions contemplated by the Transaction Documents; except any such change, event, occurrence, effect, or circumstance resulting from or arising in connection with: (i) any change affecting the industries in which the Company and its subsidiaries operate; (ii) any change in global, national or regional political conditions (including the outbreak or escalation of war or acts of terrorism) or in general economic, business, regulatory, political or market conditions or in national or global financial or capital markets; (iii) any change in GAAP; (iv) any action taken by the Company or any of its subsidiaries which is required to be taken to complete any of the transactions contemplated by this Agreement, the Subscription Receipt Agreement, the Subscription Agreements, the Medac Acquisition Agreement or the Medexus Amalgamation Agreement; (v) the announcement or performance of any of the transactions contemplated by the Transaction Documents; (vi) any change in the market price or trading volume of any securities of the Company (it being understood that the causes underlying such change in market price may be taken into account in determining whether a Material Adverse Effect has occurred), or any suspension of trading in securities generally on any securities exchange on which any securities of the Company trade; or (vii) the failure of the Company in and of itself to meet any internal or public projections, forecasts or estimates of revenues or earnings (it being understood that the causes underlying such failure may be taken into account in determining whether a Material Adverse Effect has occurred); provided, however, that with respect to clauses (i) to (iii), such matter does not have a disproportionate effect on the Company and its subsidiaries, taken as a whole, relative to other comparable companies and entities (including in terms of comparable size) operating in the industries in which the Company and/or its subsidiaries operate;

“**material change**”, “**material fact**” and “**misrepresentation**” shall have the meanings ascribed to such terms in the *Securities Act* (Ontario);

“**Material Contract**” means (i) any agreement which requires future expenditures by the Company or any of its subsidiaries in excess of \$500,000 in the aggregate or which could result in payments to the Company or any of its subsidiaries in excess of \$500,000, (ii) any purchase agreement or other similar agreement which could result in payments to the Company or any of its subsidiaries in excess of

\$500,000, (iii) any agreement that is or may be required to be filed with the securities regulatory authorities in the provinces and territories of Canada through SEDAR as a material contract, and (iv) any contract the violation of which, or default under which, by the Company or any of its subsidiaries, on the one hand, or the other party(ies) to such contract, on the other hand, could reasonably be expected to result in a Material Adverse Effect;

“**Material IP**” shall have the meaning ascribed thereto in subsection 9.1(d);

“**Medac**” means medac Pharma, Inc., a Delaware corporation that is engaged in the business of distributing, marketing, promoting, importing, selling or offering for sale the Rasuvo drug in the United States;

“**Medac Acquisition**” means the contemplated acquisition by the Company of all of the issued and outstanding shares of Medac in exchange for consideration including Shares and cash, which cash consideration will be funded, in part, through the Offering;

“**Medac Acquisition Agreement**” means the stock purchase agreement dated September 6, 2018 by and among the Company, MI Acquisitions Inc., medac GmbH and Medac

“**Medexus**” means Medexus Inc., a corporation continued under the CBCA that is engaged in the business of licensing, registering, marketing, selling, and distributing certain pharmaceutical products in Canada;

“**Medexus Acquisition**” means the contemplated acquisition by the Company of all of the issued and outstanding shares of Medexus in exchange for Shares, to be completed by way of an amalgamation of a wholly-owned subsidiary of the Company and Medexus;

“**Medexus Amalgamation Agreement**” means the amalgamation agreement dated September 6, 2018 by and among Pediapharm Inc., Medexus, 10968579 Canada Inc., Medexus Holdings Inc. and certain shareholders of Medexus Inc.;

“**Non-Brokered Offering**” shall have the meaning ascribed thereto in the first paragraph of this Agreement;

“**Non-Brokered Subscription Agreements**” means the written agreements to be entered into between the purchasers and the Company setting out the contractual relationship between such purchasers and the Company with respect to the purchase and sale of the Subscription Receipts under the Non-Brokered Offering;

“**NI 45-106**” means National Instrument 45-106 - *Prospectus Exemptions*;

“**NI 51-102**” means National Instrument 51-102 - *Continuous Disclosure Obligations*;

“**NI 52-109**” means National Instrument 52-109 - *Certification of Disclosure in Issuers’ Annual and Interim Filings*;

“**Offering**” shall have the meaning ascribed thereto in the first paragraph of this Agreement;

“**Offering Documents**” means, collectively, the Investor Presentation and the Term Sheets;

“**Pediapharm Material Contracts**” means (i) the exclusive licensing agreement dated September 14, 2016 between the Company and 9346-4626 Québec Inc. with respect to the manufacturing, promotion, marketing, sales and distribution of the drug product Relaxa™; (ii) the license and supply agreement entered into in December 2014 between the Company and J. Uriach u Compania S.A., Ltd. regarding the Canadian rights to the drug product rupertadine; (iii) the distribution agreement between the Company and G. Pohl-Boskamp GmbH & Co KG with respect to the drug product NYDA® and the extension agreement extending such distribution agreement to at least 2021; (iv) the license and supply agreement entered into in October 2014 between the Company and Laboratories SALVAT S.A., Ltd. granting the Company the exclusive Canadian rights to a novel patented formulation solution; (v) the asset purchase agreement entered into in July 2014 between the Company and Hoffmann-La Roche (“**Roche**”) regarding the Canadian rights to Roche’s naproxen suspension used to treat osteoarthritis, rheumatoid arthritis, ankylosing spondylitis and juvenile rheumatoid arthritis; (vi) the asset purchase agreement entered into in March 2015 between the Company and Roche regarding the United States rights to Roche’s naproxen suspension; (vii) the warehouse agreement dated December 14, 2011 between the Company and Logistic Support Unit Inc. (“**Logistic**”) pursuant to which the Company appointed Logistic, on a non-exclusive basis, to receive and store the Company’s products across Canada in various Logistic warehouses, as well as distribute the Company’s products in Canada; (viii) the Medexus Amalgamation Agreement; (ix) the Medac Acquisition Agreement; and (x) the Transaction Agreement.

“**person**” includes any individual, corporation, limited partnership, general partnership, joint stock company or association, joint venture association, company, trust, bank, trust company, land trust, investment trust, society or other entity, organization, syndicate, whether incorporated or not, trustee, executor or other legal personal representative, and governments and agencies and political subdivisions thereof;

“**Public Record**” means information which has been publicly filed on SEDAR by the Company pursuant to a requirement under Applicable Securities Laws in Canada;

“**Purchasers**” means, collectively, each of the subscribers for Subscription Receipts arranged by the Agents pursuant to the Brokered Offering;

“**Qualified Institutional Buyer**” means a “qualified institutional buyer,” within the meaning of Rule 144A under the U.S. Securities Act, who is also a U.S. Accredited Investor;

“**Release**” shall have the meaning ascribed thereto in subsection 9.1(zz);

“**Regulation D**” means Regulation D adopted by the United States Securities and Exchange Commission under the U.S. Securities Act;

“**Regulation S**” means Regulation S adopted by the United States Securities and Exchange Commission under the U.S. Securities Act;

“**Securities**” means the Subscription Receipts, the Convertible Debentures, the Underlying Shares, the Unit Shares, the Unit Warrants, the Underlying Warrants, the Warrant Shares, the Compensation Warrants and the Compensation Shares, collectively or individually, as the context requires;

“**Securities Commissions**” means, collectively, the securities commissions or similar regulatory authorities in each of the Selling Jurisdictions;

“**Selling Group**” means, collectively, those registered dealers appointed by the Agents to assist with the Brokered Offering as contemplated in this Agreement;

“**Selling Jurisdictions**” means, collectively, each of the provinces and territories of Canada and the United States and such other jurisdictions outside of Canada and the United States as the Agents and the Company may agree;

“**Shares**” means common shares in the capital of the Company;

“**Subscription Agreements**” means, collectively, the Brokered Subscription Agreements and the Non-Brokered Subscription Agreements;

“**Subscription Receipts**” shall have the meaning ascribed thereto in the first paragraph of this Agreement;

“**Subscription Receipt Agent**” means Computershare Trust Company of Canada in its capacity as subscription receipt agent for the holders of Subscription Receipts;

“**Subscription Receipt Agreement**” shall have the meaning ascribed thereto in the third paragraph of this Agreement;

“**subsidiary**” shall have the meaning specified in NI 45-106 as in effect on the date of this Agreement;

“**Taxes**” shall have the meaning ascribed thereto in subsection 9.1(rr);

“**Tax Authority**” means the Canada Revenue Agency, United States Internal Revenue Service, and any other national, state, local, provincial, territorial or other Governmental Authority responsible for the administration, implementation, assessment, determination, enforcement, compliance, collection or other imposition of any Taxes;

“**Term Sheets**” means, collectively, the Unit Term Sheet and the Debenture Term Sheet;

“**Time of Closing**” means 8:30 a.m. (Toronto time) on the Closing Date, or such other time on the Closing Date as the Agents and the Company may agree upon;

“**Transaction Agreement**” means the transaction agreement dated September 6, 2018 between Goodwood and the Company.

“**Transaction Documents**” means, collectively, this Agreement, the Subscription Receipt Agreement, the Subscription Agreements, the Convertible Debenture Indenture, the Warrant Indenture, the Medac Acquisition Agreement, the Medexus Amalgamation Agreement, the Transaction Agreement and the certificates representing the Subscription Receipts;

“**TSX-V**” means the TSX Venture Exchange Inc.;

“**TSX-V Acquisitions Approval**” means the conditional approval of the TSX-V to the completion by the Company of the Medac Acquisition and the Medexus Acquisition including of the issuance and listing on the TSX-V of the Shares to be issued in connection with the completion of the Medac Acquisition (including on exercise of any Share purchase warrants issued to the current shareholder of Medac in connection therewith) and the Medexus Acquisition, subject only to receipt of customary final documentation and payment of any applicable fees;

“**TSX-V Offerings Approval**” means the conditional approval of the TSX-V of the Offerings, including the issuance of the Subscription Receipts, the Unit Warrants to be issued in exchange for the Unit

Subscription Receipts, the Convertible Debentures to be issued in exchange for the Debenture Subscription Receipts, the Underlying Warrants to be issued upon conversion of the Convertible Debentures, and the issuance and reservation for listing on the TSX-V of the Unit Shares to be issued upon exchange of the Unit Subscription Receipts, the Underlying Shares to be issued upon conversion of the Convertible Debentures, the Warrant Shares to be issued upon exercise of the Underlying Warrants and the Unit Warrants, subject only to receipt of customary final documentation and payment of any applicable fees;

“Underlying Shares” means, collectively, the Shares issuable upon conversion of the Convertible Debentures pursuant to the terms of the Convertible Debenture Indenture;

“Underlying Warrants” means, collectively, the Share purchase warrants of the Company issuable upon the conversion of the Convertible Debentures and exercisable into Warrant Shares for a period of five (5) years from Exchange Date at a price equal to \$0.63 (being 150% of the Conversion Price), the terms and conditions of which Underlying Warrants are set out in the Warrant Indenture;

“Units” means, collectively, the units of the Company, each comprised of one Unit Share and one-half (1/2) of a Unit Warrant, issued upon the deemed exchange of the Unit Subscription Receipts;

“Unit Shares” means, collectively, the Shares issuable upon the deemed exchange of the Unit Subscription Receipts;

“Unit Warrants” means, collectively, the Share purchase warrants of the Company issuable upon the deemed exchange of the Unit Subscription Receipts and exercisable into Warrant Shares for a period of five (5) years from Exchange Date at a price equal to \$0.63 per Warrant Share, the terms and conditions of which Units Warrants are set out in the Warrant Indenture;

“United States” means the United States of America, its territories and possessions, any state of the United States, and the District of Columbia;

“Unit Term Sheet” means the term sheet delivered to potential purchasers of Unit Subscription Receipts, as may be amended from time to time;

“U.S. Accredited Investor” means an “accredited investor” as such term is defined in Rule 501(a) of Regulation D;

“U.S. Person” means “U.S. person” as that term is defined in Rule 902(k) of Regulation S;

“U.S. Placement Agent” means (a) Cormark Securities (USA) Limited on behalf of Cormark, and (b) MR USA Inc. on behalf of Mackie;

“U.S. Purchaser” means (a) any Purchaser of Subscription Receipts in the United States, (b) any person purchasing securities for the account or benefit of any person in the United States or a U.S. Person, (c) any person that receives or received an offer of the Subscription Receipts while in the United States (except persons excluded from the definition of U.S. Person pursuant to Rule 902(k)(2)(ii) of Regulation S or persons holding accounts excluded from the definition of U.S. Person pursuant to Rule 902(k)(2)(i) of Regulation S, solely in their capacities as holders of such accounts), and (d) any person that is in the United States at the time the Purchaser’s buy order was made or the Brokered Subscription Agreement was executed or delivered (except persons excluded from the definition of U.S. Person pursuant to Rule 902(k)(2)(ii) of Regulation S or persons holding accounts excluded from the definition of U.S. Person pursuant to Rule 902(k)(2)(i) of Regulation S, solely in their capacities as holders of such accounts);

“**U.S. Securities Act**” means the United States *Securities Act of 1933*, as amended;

“**U.S. Securities Filings**” means the Form D to be filed with the U.S. Securities and Exchange Commission with respect to sales of Subscription Receipts to, or for the account or benefit of, persons in the United States and U.S. Persons;

“**U.S. Securities Laws**” means the U.S. Securities Act and all other applicable securities laws of the United States and any state thereof and the respective regulations, forms and rules thereunder;

“**U.S. Brokered Subscription Agreements**” means the written agreements to be entered into between the U.S. Purchasers and the Company setting out the contractual relationship between the Purchasers and the Company with respect to the purchase and sale of the Subscription Receipts under the Offering to U.S. Purchasers;

“**Warrant Indenture**” means the indenture dated as of the Exchange Date to be entered into between the Company and the Warrant Trustee, which contains the terms and conditions of the Unit Warrants and the Underlying Warrants;

“**Warrant Shares**” means, collectively, the Shares issuable upon exercise of the Underlying Warrants and the Unit Warrants pursuant to the terms of the Warrant Indenture; and

“**Warrant Trustee**” means Computershare Trust Company of Canada in its capacity as trustee for the holders of the Unit Warrants and the Underlying Warrants.

2. Division and Headings

The division of this Agreement into sections, subsections, paragraphs and other subdivisions and the insertion of headings are for convenience of reference only and shall not affect the construction or interpretation of this Agreement. Unless something in the subject matter or context is inconsistent therewith, references herein to sections, subsections, paragraphs and other subdivisions are to sections, subsections, paragraphs and other subdivisions of this Agreement.

3. Governing Law

This Agreement shall be governed by and construed in accordance with the laws of the Province of Ontario and the federal laws of Canada applicable therein.

4. Currency

Except as otherwise indicated, all amounts expressed herein in terms of money refer to lawful currency of Canada and all payments to be made hereunder shall be made in such currency.

5. Schedules

The following are the schedules attached to this Agreement, which schedules are deemed to be a part hereof and are hereby incorporated by reference herein:

Schedule “A” - Compliance with United States Securities Laws.

6. Nature of Offering

6.1 The Agents will offer and sell the Subscription Receipts on a private placement basis only in the Selling Jurisdictions and only at the price set out in the first paragraph of this Agreement. The Agents will comply with Applicable Securities Laws in connection with the offer to sell, or the distribution of, the Subscription Receipts. The Agents will not, directly or indirectly, solicit offers to purchase or sell the Subscription Receipts so as to require the registration of the any of the Securities or a filing of a prospectus, registration statement or other offering document with any Securities Commission with respect to any of the Securities under the laws of any Selling Jurisdiction, or deliver or file an offering memorandum or other offering document under Applicable Securities Laws, other than the Investor Presentation. Each Agent will cause similar undertakings to be contained in any agreement among any members of the Selling Group formed for the distribution of the Subscription Receipts and will require any member of the Selling Group formed for the distribution of the Subscription Receipts to comply with Applicable Securities Laws.

6.2 The Company undertakes to file or cause to be filed all forms or undertakings required to be filed by the Company, as applicable, in the Selling Jurisdictions in connection with the purchase and sale of the Subscription Receipts so that the distribution of the Subscription Receipts and the issuance of the Securities may lawfully occur without the necessity of filing a prospectus or a registration statement in any Selling Jurisdiction (but on terms that will permit the Securities acquired by the Purchasers in the Selling Jurisdictions to be sold by such Purchasers at any time in the Selling Jurisdictions subject to the terms of the Subscription Receipt Agreement, this Agreement and Applicable Securities Laws, including, but not limited to, compliance with applicable hold periods), and the Agents undertake to use their best efforts to obtain from each Purchaser an executed Brokered Subscription Agreement in the appropriate form required by the Company and the Agents together with all requisite forms, undertakings and materials required by the Applicable Securities Laws or other applicable Laws, including the rules of the TSX-V. All fees payable in connection with such filings shall be at the expense of the Company.

6.3 Neither the Company nor the Agents shall provide to prospective Purchasers any document or other material, other than the Investor Presentation, that would constitute an offering memorandum or future oriented financial information within the meaning of Applicable Securities Laws. None of the Company, the Agents nor the U.S. Placement Agent shall engage in any form of “general solicitation” or “general advertising” in connection with the offer and sale of the Subscription Receipts, including but not limited to, causing the sale of the Subscription Receipts to be advertised in any newspaper, magazine, printed public media, printed media or similar medium of general and regular paid circulation, broadcast over radio, television or telecommunications, including electronic display, or conduct any seminar or meeting relating to the offer and sale of the Subscription Receipts whose attendees have been invited by general solicitation or advertising.

6.4 The Company and the Agents acknowledge that the Subscription Receipts, the Units, the Units Shares, the Unit Warrants, the Warrant Shares, the Convertible Debentures, the Underlying Shares and the Underlying Warrants have not been and will not be registered under the U.S. Securities Act or any state securities laws and the Subscription Receipts may be offered and sold only in transactions exempt from or not subject to the registration requirements of the U.S. Securities Act. The Company and the Agents agree that any offers, sales and purchases of the Subscription Receipts: (i) will be made in accordance with Schedule “A” (which schedule is incorporated into and forms part of this Agreement); (ii) will be conducted in such a manner so as not to require registration thereof or the filing of a prospectus or an offering memorandum with respect thereto under the U.S. Securities Act; and (iii) will be conducted in the United States and with respect to U.S. Purchasers through the U.S. Placement Agent and in compliance with U.S. Securities Laws.

6.5 The certificates or any ownership statement representing the Securities (and any replacement certificate or ownership statement issued prior to the expiration of the applicable hold periods), if any, will bear a legend if required by and in accordance with Applicable Securities Laws in Canada:

“UNLESS PERMITTED UNDER SECURITIES LEGISLATION, THE HOLDER OF THIS SECURITY MUST NOT TRADE THE SECURITY BEFORE [THE DATE THAT IS 4 MONTHS AND A DAY AFTER THE CLOSING DATE].”

And, if required by the policies of the TSX-V, the certificates or ownership statements representing the Securities (and any replacement certificate or ownership statement issued prior to the expiration of the applicable hold periods), if any, will bear a legend substantially in the following form:

“WITHOUT THE PRIOR WRITTEN APPROVAL OF TSX VENTURE EXCHANGE AND COMPLIANCE WITH ALL APPLICABLE SECURITIES LEGISLATION, THE SECURITIES REPRESENTED BY THIS CERTIFICATE MAY NOT BE SOLD, TRANSFERRED, HYPOTHECATED OR OTHERWISE TRADED ON OR THROUGH THE FACILITIES OF TSX VENTURE EXCHANGE OR OTHERWISE IN CANADA OR TO OR FOR THE BENEFIT OF A CANADIAN RESIDENT UNTIL [THE DATE THAT IS 4 MONTHS AND A DAY AFTER THE CLOSING DATE].”

7. Description of the Subscription Receipts

7.1 Each Unit Subscription Receipt will, following satisfaction of the Escrow Release Conditions and subject to the terms and conditions of the Subscription Receipt Agreement, entitle the holder thereof, without payment of additional consideration or further action, and subject to adjustment as described in the Subscription Receipt Agreement, to receive one Unit for each Unit Subscription Receipt held subject to adjustment as described in the Subscription Receipt Agreement.

7.2 Each Debenture Subscription Receipt will, following satisfaction of the Escrow Release Conditions and subject to the terms and conditions of the Subscription Receipt Agreement, entitle the holder thereof, without payment of additional consideration or further action, and subject to adjustment as described in the Subscription Receipt Agreement, to receive one Debenture for each Debenture Subscription Receipt held subject to adjustment as described in the Subscription Receipt Agreement.

7.3 The Subscription Receipts will be issued pursuant to and governed by the provisions of the Subscription Receipt Agreement. The specific attributes of the Subscription Receipts will be in such form and contain such terms as approved by the Agents and the Company and their respective counsel acting reasonably.

8. Representations, Warranties and Covenants of the Agents

8.1 Each of the Agents hereby severally represents, warrants and covenants to the Company, and acknowledges that the Company is relying upon such representations and warranties, that:

- (a) in respect of the offer and sale of Subscription Receipts, the Agents and the U.S. Placement Agent will comply with the provisions of this Agreement and with all Applicable Securities Laws in which any of them offers the Subscription Receipts;
- (b) each of the Agents and the U.S. Placement Agent is duly registered pursuant to the provisions of Applicable Securities Laws, and is duly registered or licensed as an investment dealer in those jurisdictions in which it is required to be so registered in order

to perform the services contemplated by this Agreement, or if or where not so registered or licensed, the Agents and the U.S. Placement Agent will act only through members of a selling group who are so registered or licensed; and

- (c) the Agents, the U.S. Placement Agent and their representatives have not engaged in or authorized, and will not engage in or authorize, any form of general solicitation or general advertising in connection with or in respect of the Subscription Receipts in any newspaper, magazine, printed media of general and regular paid circulation or any similar medium, or broadcast over radio or television or other telecommunications, including electronic display, or otherwise or conducted any seminar or meeting concerning the offer or sale of the Subscription Receipts whose attendees have been invited by any general solicitation or general advertising.

8.2 Each of the Agents represents and warrants to the Company, and acknowledges that the Company is relying upon such representations and warranties in entering into this Agreement, that the Agents have good and sufficient authority to enter into this Agreement and to complete the obligations contemplated hereunder on the terms and conditions set forth herein.

9. Representations, Warranties and Covenants of the Company

9.1 The Company hereby represents, warrants and covenants to the Agents, and acknowledges that the Agents are relying upon such representations and warranties in completing the transactions contemplated by this Agreement, that:

- (a) the Company: (i) has been duly amalgamated and is validly organized and existing under the CBCA and is now and will at the Time of Closing be up to date in all corporate filings and in good standing under the CBCA; (ii) has all requisite corporate power and authority to carry on its business as now conducted and to own, lease and operate its properties and assets; and (iii) has all requisite corporate power and authority to enter into, deliver and perform its obligations under, and to carry out the provisions of the Transaction Documents;
- (b) each of the subsidiaries of the Company (i) has been duly incorporated, amalgamated, continued or otherwise organized (as the case may be) and is validly organized and existing under the laws of its governing jurisdiction, (ii) has all requisite corporate power and authority to carry on its business as now conducted and to own, lease and operate its properties and assets; and (iii) is now and will at the Time of Closing be up to date in all corporate filings and in good standing under the laws of its governing jurisdiction, except to the extent the failure to be so up to date in corporate filings and in good standing would not be expected to have a Material Adverse Effect;
- (c) this Agreement constitutes, and each of the other Transaction Documents constitute or, when executed and delivered by the parties thereto will constitute, valid and binding obligations of the Company or its applicable subsidiaries, enforceable against the Company or its applicable subsidiaries in accordance with their terms, provided that enforcement thereof may be limited by laws affecting creditors' rights generally, that specific performance and other equitable remedies may only be granted in the discretion of a court of competent jurisdiction, that the provisions relating to indemnity, contribution and waiver of contribution may be unenforceable and that enforceability is subject to the provisions of the *Limitations Act, 2002* (Ontario);

- (d) the execution and delivery of the Transaction Documents, and the performance of the transactions and other actions contemplated hereby and thereby: (i) does not (or would not with the giving of notice, the lapse of time or the happening of any other event or condition) result in a breach or a violation of, or conflict with, any of the terms or provisions of any Material Contract to which the Company or any of its subsidiaries is a party or pursuant to which any of the material assets or property of the Company or any of its subsidiaries may be affected, or give rise to any claim against the Company or any of its subsidiaries or their respective assets or give rise to or, except as disclosed in writing to the Agents, accelerate the repayment of any indebtedness or other payment or repayment obligation; (ii) will not result in the violation by the Company or any of its subsidiaries of any Laws; and (iii) will not result in the breach of, or create on behalf of any third party the right to terminate, impair, modify or demand a payment under (x) any license, sublicense or other agreement relating to any Intellectual Property that is material to the conduct of its business as currently conducted or as intended to be conducted following the Time of Closing (collectively, the “**Material IP**”), or (y) any license, sublicense and other agreement of the Company or its subsidiaries as to which the Company or any of its subsidiaries is a party and pursuant to which the Company or any of its subsidiaries is authorized to use any third party Material IP, or (z) any right of the Company or any of its subsidiaries to develop, use, sell, or dispose of, or to bring any action for the infringement of any Material IP; all such licenses and sublicenses are otherwise in good standing in all material respects and there is no material dispute with any licensor or licensee regarding the terms thereof nor any facts that to the Knowledge of the Company would give rise to any material dispute or breach of any license or sublicense;
- (e) the Company has no knowledge of any state of facts that both: (a) casts doubt on the validity or enforceability of the Material IP, and (b) except as disclosed to the Agents in writing or in the Public Record;
- (f) except as disclosed to the Agents in writing or in the Public Record, there are no material restrictions on the ability of the Company and its subsidiaries to use and exploit all rights in the Material IP required in the ordinary course of the Company’s and its subsidiaries businesses as currently conducted or as intended to be conducted following Closing;
- (g) the execution and delivery of the Transaction Documents, and the performance of the transactions and other actions contemplated hereby and thereby, does not (or would not with the giving of notice, the lapse of time or the happening of any other event or condition) give rise to any “change of control” or other payment obligation or any other obligation whatsoever on the Company or any of its subsidiaries: (i) under any Material Contract or, except as contemplated by the Existing Debentureholder Consents, any licence, lease, permit, authorizations or other approval necessary to permit the Company or any of its subsidiaries to conduct their business as currently conducted, or any other right of any other party to any Material Contract or any provider or grantor of any such licence, lease, permit, authorizations or other approval, including any right of termination or suspension thereunder, or any right or obligation to accelerate the performance required thereunder, or to rely on different terms therein, or to amend in any manner the terms thereof; or (ii) under any contract that is not Material Contract where the “change of control” or other payment obligation or other obligation would reasonably be expected to result in a Material Adverse Effect;

- (h) the TSX-V Offering Approval, the TSX-V Acquisitions Approval and the Existing Debentureholder Consents have been obtained by the Company;
- (i) the execution and delivery of the Transaction Documents, and the fulfilment of the terms hereof and thereof by the Company does not and will not require the consent, approval, authorization, registration or qualification of or with any Governmental Authority or other third party (except as set forth in the Medac Acquisition Agreement, the Medexus Amalgamation Agreement or the Transaction Agreement), other than the TSX-V Offering Approval, the TSX-V Acquisitions Approval, the U.S. Securities Filings and the Existing Debentureholder Consents;
- (j) there are no third party consents required to be obtained in order for the Company to issue the Securities, other than the TSX-V Offering Approval, the TSX-V Acquisitions Approval, the U.S. Securities Filings and the Existing Debentureholder Consents;
- (k) none of the Offering, the issuance of any of the Securities or the completion of any of the transactions or other actions contemplated by the Transaction Documents, require any approvals of the shareholders of the Company under Applicable Securities Laws or other applicable Laws, including the rules of the TSX-V;
- (l) the Subscription Receipts to be issued and sold in accordance with the terms of this Agreement, the Brokered Subscription Agreements and the Subscription Receipt Agreement, will upon issuance, have been duly authorized and validly created and will be duly and validly issued and will not have been issued in violation of or subject to any pre-emptive rights or other contractual rights to purchase securities issued by the Company;
- (m) the Convertible Debentures will, upon issuance thereof in accordance with the terms of this Agreement, the Brokered Subscription Agreements, the Subscription Receipt Agreement and the Convertible Debenture Indenture, be duly authorized and validly created and issued by the Company and will not have been issued in violation of or subject to any pre-emptive rights or other contractual rights to purchase securities issued by the Company;
- (n) the Unit Warrants, the Underlying Warrants and the Compensation Warrants, upon issuance thereof in accordance with the terms of this Agreement, the Brokered Subscription Agreements, the Subscription Receipt Agreement, the Convertible Debenture Indenture, the Warrant Indenture and the Compensation Warrant Certificates, as applicable, will be duly authorized and validly created and issued, and will not have been issued in violation of or subject to any pre-emptive rights or other contractual rights to purchase securities issued by the Company, and will be free and clear of all liens, pledges, claims, encumbrances, security interests and other restrictions, except for any restrictions on resale or transfer imposed by applicable Laws;
- (o) the Unit Shares, Warrant Shares, Underlying Shares, and the Compensation Shares, upon issuance thereof in accordance with the terms of this Agreement, the Brokered Subscription Agreements, the Subscription Receipt Agreement, the Convertible Debenture Indenture, the Warrant Indenture and the Compensation Warrant Certificate, as applicable, will be validly issued, fully paid and non-assessable, and will not have been issued in violation of or subject to any pre-emptive rights or other contractual rights to purchase securities issued by the Company and will be free and clear of all liens,

pledges, claims, encumbrances, security interests and other restrictions, except for any restrictions on resale or transfer imposed by applicable Laws;

- (p) at the Time of Closing, all necessary corporate action will have been taken by the Company to authorize the issuance of the Securities in accordance with the terms of the Subscription Receipt Agreement, the Warrant Indenture, and/or the Convertible Debenture Indenture, as applicable;
- (q) the Company has complied with Applicable Securities Laws in Canada and policies of the TSX-V in connection with the offer, sale and issuance of the Securities;
- (r) (i) the Company and each of the subsidiaries of the Company have all necessary licences, leases, permits, authorizations and other approvals necessary to permit them to conduct their business as currently conducted, including all the Material IP and own their property and assets and are not in default or breach of any of the foregoing, except where the absence or failure to obtain any licence, lease, permit or authorization or the default or breach thereof would not result in a Material Adverse Effect; (ii) all such licenses, leases, permits, authorizations and other approvals are renewable on terms or conditions that would not reasonably be expected to have a Material Adverse Effect;
- (s) none of the Company or any of its subsidiaries have committed an act of bankruptcy, taken any proceeding to have itself declared bankrupt or wound-up, as the case may be, taken any proceeding to have a receiver appointed over any part of its assets, had any encumbrancer or receiver take possession of any of its property, had any execution or distress become enforceable or levied upon any of its property, or had any petition for a receiving order in bankruptcy filed against it, and no proceedings have been taken, instituted or, to the Knowledge of the Company, are pending for the dissolution or liquidation of the Company or any of its subsidiaries;
- (t) the Company and each of the subsidiaries of the Company (i) conducts and has been conducting its respective businesses in compliance with all applicable Laws (including all Health Care Laws to the extent applicable to the Company, its subsidiaries, and its or their respective productions, operations, and activities) of each jurisdiction in which its respective businesses are carried on or in which its services are provided and neither the Company nor any of its subsidiaries have received a notice of non-compliance, nor knows of, nor has reasonable grounds to know of, any facts that could give rise to a notice of non-compliance with any such Laws, (ii) are not in breach or violation of any judgment, order or decree of any Governmental Authority having jurisdiction over the Company or any of its subsidiaries, as applicable, and (iii) hold all, and are not in breach of any, permits that enable its business to be carried on as now conducted; except in each case where the failure to be in such compliance, instances of such activities or to hold such permits could not reasonably be expected to result in a Material Adverse Effect;
- (u) the Company and each of the subsidiaries of the Company own, lease or have easements, permits, licenses, rights of way or other rights in, over, across, along or upon, all real property required and/or used by them to operate and carry on their respective businesses as currently conducted, except where the failure to own, lease or have an easement, permit, license, right of way or other rights in, over, across, along or upon such real property would not have a Material Adverse Effect;

- (v) the authorized capital of the Company consists of an unlimited number of Shares and an unlimited number of preferred shares, of which as of the date hereof (and as of immediately prior to the Time of Closing), subject to the exercise or conversion prior to the Time of Closing of any common share purchase options, common share purchase warrants or convertible debentures specified in subsection 9.1(w), 87,611,236 Shares are issued and outstanding and nil preferred shares are issued and outstanding;
- (w) other than (i) Securities to be issued pursuant to the Offering, (ii) Shares to be issued pursuant to the Medexus Acquisition, (iii) Shares and Share purchase warrants to be issued pursuant to the Medac Acquisition, (iv) common share purchase options outstanding providing for the issuance of up to 7,478,1945 Shares, (v) common share purchase warrants outstanding providing for the issuance of up to 10,685,942 Shares, and (vi) \$5,500,000 principal amount of convertible debentures outstanding convertible into approximately 12,222,222 Shares, no person 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, warrants, other securities or convertible obligations of any nature of the Company or any of its subsidiaries;
- (x) the Company has not and will not prior to the Time of Closing, change its authorized capital, issue additional Shares or preferred shares (subject only to the exercise or conversion of any common share purchase options, common share purchase warrants or convertible debentures specified in subsection 9.1(w)), or issue any other security or enter into any agreement providing the 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, warrants, other securities or convertible obligations of any nature of the Company or any of its subsidiaries (subject to the entering into by the Company of the Medac Acquisition Agreement, Medexus Amalgamation Agreement, and any other agreements in connection with the Medac Acquisition or Medexus Acquisition);
- (y) the issued and outstanding Shares are listed and posted for trading on the TSX-V and no order restricting, ceasing or suspending trading in any securities of the Company or prohibiting the sale of the Shares or the trading of any of the Company's issued securities has been issued, and the Underlying Shares and Warrant Shares will, upon issuance thereof in accordance with the terms of this Agreement, the Brokered Subscription Agreements, the Subscription Receipt Agreement, the Convertible Debenture Indenture and the Warrant Indenture, subject to applicable Laws regarding re-sale, be validly listed and posted for trading on the TSX-V;
- (z) since June 30, 2018, except as disclosed in the Public Record:
 - (i) there has not been any adverse material change in the assets, liabilities, obligations (absolute, accrued, contingent or otherwise), business, condition (financial or otherwise) or results of operations of the Company and its subsidiaries, on a consolidated basis;
 - (ii) there has not been any material change in the capital stock or long-term debt of the Company and its subsidiaries, on a consolidated basis; and
 - (iii) the Company has carried on its business in the ordinary course;

- (aa) the unaudited condensed interim consolidated financial statements of the Company for the three-month period ended June 30, 2018 and the audited consolidated financial statements of the Company for the fiscal year ended March 31, 2018 (including the notes thereto) present fairly, in all material respects, the financial condition, results of operations, earnings and cash flow of the Company and its subsidiaries, on a consolidated basis, as at and for the periods then ended and such financial statements have been prepared in accordance with GAAP applied on a consistent basis;
- (bb) the Company maintains a system of internal accounting controls sufficient to provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in conformity with GAAP and to maintain accountability for assets;
- (cc) the minute books of the Company and each of its subsidiaries made available to the Agents contain, in all material respects, accurate and complete records of all meetings held of, and corporate action by, the shareholders and board of directors (and committees thereof) of the Company and each of its subsidiaries, as applicable;
- (dd) except as disclosed in the Public Record, there are no off-balance sheet transactions, arrangements, obligations (including contingent obligations) or other relationships of the Company or its subsidiaries with unconsolidated entities or other persons that are material to the Company or any of its subsidiaries or that could reasonably be expected to have a Material Adverse Effect;
- (ee) except as disclosed in the Public Record, none of the Company or any of its subsidiaries has any contingent liabilities in excess of the liabilities that are either reflected or reserved against in the financial statements of the Company that are material to the Company or any of its subsidiaries or that could reasonably be expected to have a Material Adverse Effect;
- (ff) except as disclosed in the Public Record, neither the Company nor any of its subsidiaries has made any material loans to or guaranteed the obligations of any person (other than guarantees by the Company or its subsidiaries of obligations of the Company or its subsidiaries);
- (gg) none of the Company, any subsidiary of the Company, or any director, officer, agent, employee or other person associated with or acting on behalf of the Company or any subsidiary of the Company has made, offered or authorised any payment, gift, promise or other advantage, whether directly or through any other person, to or for the use or benefit of any official of a Governmental Authority or any person where such payment, gift, promise or other advantage would violate the *Canadian Corruption of Foreign Public Officials Act* or similar anti-corruption or anti-bribery Laws (collectively, “**Anti-Bribery Laws**”);
- (hh) none of the Company, any subsidiary of the Company, or to the Knowledge of the Company, any director, officer, agent, employee or other person associated with or acting on behalf of the Company or any subsidiary of the Company, has been or currently is subject to any actions, suits, inquiries, investigations (including internal investigations) or any other proceedings relating to Anti-Bribery Laws and, to the Knowledge of the Company there are no such proceedings pending or threatened, involving any of them, nor to the Knowledge of the Company are there any facts or circumstances which have occurred which could reasonably be expected to give rise to any actions, suits, inquiries,

investigations (including internal investigations) or any other proceedings relating to Anti-Bribery Laws;

- (ii) except as disclosed in the Public Record: (i) there are no actions, lawsuits, claims, proceedings or investigations (whether or not purportedly by or on behalf of the Company or any of its subsidiaries) current or, to the Knowledge of the Company, pending or threatened against or affecting the Company or its subsidiaries at law or in equity (whether in any court, arbitration or similar tribunal) or before or by any Governmental Authority, including any allegations or assertions of any liability under, any non-compliance with, or that any product, operation or activity is in violation of any Health Care Laws or challenging the Company's or any of its subsidiaries' rights in or to any Material IP or the validity or enforceability of any Material IP; and (ii) to the Knowledge of the Company, there are no existing reasonable grounds on which any such action, lawsuit, claim, proceeding or investigation might be commenced; and (iii) there is not presently outstanding against the Company or any of the subsidiaries of the Company any judgement, decree, injunction, rule or order of any Governmental Authority;
- (jj) other than as disclosed in the Public Record, neither the Company nor any of its Subsidiaries is in default or in breach in any material respect of, and the execution and delivery of the Transaction Documents and the issue and delivery of the Securities will not result in any breach of, or be in conflict with or constitute a default under, or create a state of facts which, after notice or lapse of time, or both, would constitute a default under any term or provision of the constating documents, by-laws or resolutions of the Company or any of its subsidiaries or any judgment, decree, order, statute, rule or regulation applicable to any of them, which breach or default would reasonably be expected to have a Material Adverse Effect;
- (kk) except for the Pediapharm Material Contracts, neither the Company nor any of its subsidiaries of the Company is a party to or bound by any Material Contract of any kind;
- (ll) other than as disclosed in writing to the Agents, each of the Company and its subsidiaries, as applicable, has performed all of the obligations required to be performed by it and is entitled to all benefits under the Pediapharm Material Contracts. To the Knowledge of the Company, other than as disclosed in writing to the Agents, none of the Company nor any of its subsidiaries is alleged to be in default of any Pediapharm Material Contract. Other than as disclosed in writing to the Agents, each of the Pediapharm Material Contracts is in full force and effect, unamended, and to the Knowledge of the Company, there exists no default or event of default of the Company or any of its subsidiaries or event, occurrence, condition or act which, with the giving of notice, the lapse of time or the happening of any other event or condition, would become a default or event of default of the Company or any of its subsidiaries under any Pediapharm Material Contract, which default or event of default would reasonably be expected to have a Material Adverse Effect;
- (mm) the Company is, and will at the Time of Closing be, a reporting issuer under Applicable Securities Laws in each of the Provinces of British Columbia, Alberta, Ontario and Québec, and is not, and will not be at the Time of Closing, in breach of any Applicable Securities Laws or included in a list of defaulting reporting issuers maintained by any of the Securities Commissions and in particular, without limiting the foregoing, the Company is, and will be at the Time of Closing, in compliance with its obligations to make timely disclosure under Applicable Securities Laws and there is no material change

relating to the Company that has occurred and with respect to which the requisite material change report has not been filed with the Securities Commissions, except to the extent that the closing of the Offering or the transactions contemplated by the Medac Acquisition Agreement and the Medexus Amalgamation Agreement would constitute a material change;

- (nn) the Company has filed all documents required to be filed by it with any Securities Commission under Applicable Securities Laws, the information and statements set forth in the Public Record as they relate to the Company were true, correct and complete in all material respects and did not contain any misrepresentation (as such term is defined under Applicable Securities Laws in Canada) as of the date of such information or statement, and the Company has not filed any confidential material change report with any Securities Commission in Canada that is still maintained on a confidential basis;
- (oo) except as disclosed in the Public Record, neither the Company nor any of its subsidiaries is a partner, co-tenant, joint venturer or otherwise a participant in any partnership, joint venture, co-tenancy, or other similar joint-owned business;
- (pp) based on representations made by the auditors of the Company to the Company, the auditors of the Company who audited the consolidated financial statements of the Company in respect of the years ended March 31, 2018 and March 31, 2017 and delivered their report with respect thereto are independent public accountants as required by the Applicable Securities Laws in Canada;
- (qq) there has not been any reportable “disagreement” (within the meaning of NI 51-102) with the present auditor of the Company;
- (rr) all taxes (including income tax, capital tax, payroll taxes, employer health tax, workers’ compensation payments, property taxes, custom and land transfer taxes), duties, royalties, levies, imposts, assessments, deductions, charges or withholdings and all liabilities with respect thereto including any penalty and interest payable with respect thereto (collectively, “Taxes”) due and payable by the Company or any of its subsidiaries have been paid except for where the failure to pay such taxes would not reasonably be expected to have a Material Adverse Effect. All tax returns, declarations, remittances and filings required to be filed by the Company and its subsidiaries have been filed with all appropriate Governmental Authorities and all such returns, declarations, remittances and filings are substantially complete and accurate and no material fact or facts have been omitted therefrom that would make any of them misleading except where the failure to file such documents would not reasonably be expected to have a Material Adverse Effect. To the Knowledge of the Company, no examination of any tax return of the Company or its subsidiaries is currently in progress, and there are no actions, suits, investigations, audits, proceedings or claims in existence, or to the Knowledge of the Company, pending or threatened, respecting any Taxes that have been paid, or may be payable, by the Company or any of its subsidiaries;
- (ss) Computershare Trust Company of Canada, at its principal office in Toronto, Ontario, has been appointed the registrar and transfer agent for the Shares and subscription receipt agent for the Subscription Receipts, and will, upon the Exchange Date, be appointed as trustee for the holders of Convertible Debentures and as trustee for the holders of the Unit Warrants and the Underlying Warrants;

- (tt) except as disclosed in the Public Record, and to the best of the Company's knowledge, information and belief, none of the directors, officers or employees of the Company, any known holder of more than 10% of any class of shares of the Company, or any known associate or affiliate of any of the foregoing persons or companies (as such terms are defined in the *Securities Act* (Ontario)), has had any interest, direct or indirect, in any transaction within the previous two years that, as the case may be, materially affected or was material to the Company and the subsidiaries of the Company on a consolidated basis;
- (uu) except as disclosed in the Public Record, none of the Company or any of its subsidiaries are party to any debt instrument or has any other indebtedness outstanding that has been made to any of its shareholders, officers, directors or employees, past or present, or any person not dealing at arm's length with them;
- (vv) the assets of the Company and its subsidiaries and their business and operations are insured against loss or damage with reputable insurers on a basis consistent with insurance obtained by reasonably prudent participants in the pharmaceutical industry, such coverage is in full force and effect, and none of the Company or any of its subsidiaries has failed to promptly give any notice or present any material claim thereunder;
- (ww) no class of the Company's securities is registered, or required to be registered, pursuant to Section 12 of the U.S. Securities Act, and the Company does not have a reporting obligation pursuant to Section 15(d) of the U.S. Securities Act;
- (xx) except in respect of the engagement letter dated February 26, 2018 between the Company and Bloom Burton Securities Inc., Section 15 of this Agreement and the commissions that may be paid in respect of the Non-Brokered Offering to one or more registered dealers involved in the Offering, neither the Company nor any of its subsidiaries is a party to any Contract, agreement or understanding with any person that would give rise to a valid claim against the Company, any of its subsidiaries, or any of the Purchasers for a brokerage commission, finder's fee or like payment in connection with the transactions contemplated in this Agreement, the Brokered Subscription Agreements or the Subscription Receipt Agreement;
- (yy) the Company and its subsidiaries are in compliance with all applicable federal, provincial, state, municipal and local Laws, statutes, ordinances, by-laws and regulations and orders, directives and decisions rendered by a Governmental Authority, domestic or foreign (the "**Environmental Laws**") relating to the protection of the environment, occupational health and safety or the processing, use, treatment, storage, disposal, discharge, transport or handling of any pollutants, contaminants, chemicals or industrial, toxic or hazardous wastes or substances (collectively, the "**Hazardous Substances**"), except for such non-compliance, violations and defaults which, singly or in the aggregate, would not be expected to have a Material Adverse Effect;
- (zz) to the Knowledge of the Company, there is not at present on, at or under any of the real properties of the Company or any of its subsidiaries any Hazardous Substances and there has not been a discharge, deposit, leak, emission, spill or other release (collectively, a "**Release**") of any Hazardous Substances on, at, under or from any real property of the Company or any of its subsidiaries (including relating to the collection, removal and disposal of wastes), which has resulted in or may result in any cost, damage or other

liability, including the diminution in value of any property, except for Releases which, singly or in the aggregate, would not be expected to have a Material Adverse Effect;

- (aaa) except as would not be expected to, singly or in the aggregate, have a Material Adverse Effect, (i) the Company and its subsidiaries have, collectively, obtained all licences, permits, approvals, consents, certificates, registrations and other authorizations under all applicable Environmental Laws (collectively, the “**Environmental Permits**”) necessary for the operation of the businesses carried on by the Company and its subsidiaries, (ii) each Environmental Permit is valid, subsisting and in good standing in all respects, and (iii) neither the Company nor any of its subsidiaries is in default or breach of any Environmental Permit or party to any proceedings to revoke or limit any Environmental Permit, and (iv) to the Knowledge of the Company, no proceeding is pending or threatened to revoke or limit any Environmental Permit;
- (bbb) except as would not have a Material Adverse Effect, neither the Company nor any of its subsidiaries have used, except in compliance with all Environmental Laws and Environmental Permits, any property or facility that it owns or leases or previously owned or leased, to generate, manufacture, process, distribute, use, treat, store, dispose of, transport or handle any Hazardous Substances;
- (ccc) to the Knowledge of the Company, there are no environmental audits, evaluations, assessments, studies or tests relating to the Company or any of the subsidiaries of the Company except for ongoing assessments conducted by or on behalf of the Company in the ordinary course;
- (ddd) except as would not have a Material Adverse Effect, each plan for retirement, bonus, stock purchase, profit sharing, stock option, deferred compensation, severance or termination pay, insurance, medical, hospital, dental, vision care, drug, sick leave, disability, salary continuation, legal benefits, unemployment benefits, vacation, incentive or otherwise that is contributed to, or required to be contributed to, by the Company or any of its subsidiaries for the benefit of any current or former director, officer, employee or consultant of the Company or its Subsidiaries (collectively, the “**Employee Plans**”) has been maintained in compliance with its terms and with the requirements prescribed by any and all statutes, orders, rules and regulations that are applicable to such Employee Plans and has been publicly disclosed to the extent required by Applicable Securities Laws;
- (eee) all accruals for unpaid vacation pay, premiums for unemployment insurance, health premiums, federal or state pension plan premiums, accrued wages, salaries and commissions and Employee Plan payments have been reflected in the books and records of the Company and the subsidiaries of the Company;
- (fff) neither the Company nor any of its subsidiaries is the subject of any labour disruption, nor is the Company aware of any facts or circumstances likely to give rise to any labour disruption;
- (ggg) neither the Company, nor any of its subsidiaries, is a party to, nor is it in negotiations in respect of, any collective agreement with any bargaining agent or union;
- (hhh) except as would not have a Material Adverse Effect, no employee has made any claim or has any basis for any action or proceeding against the Company or any of its subsidiaries

arising out of any Law relating to discrimination in employment or employment practices, harassment, occupational health and safety standards or workers' compensation;

- (iii) the Company will, within the required time, file with the TSX-V or any other applicable Governmental Entity, any documents, reports and information, in the required form, required to be filed by Applicable Securities Laws or policies of the TSX-V in connection with the Offering, together with any applicable filing fees and other materials;
- (jjj) the Company will use its commercially reasonable efforts to satisfy the Escrow Release Conditions prior to the Expiry Time, and, upon issuance of the Subscription Receipts, the Company shall not take any action which would be reasonably expected to result in the failure to satisfy the Escrow Release Conditions prior to the Expiry Time;
- (kkk) except as would not be reasonably expected to result in a Material Adverse Effect, neither the Company or any of its subsidiaries has failed to file with Health Canada, the U.S. Food and Drug Administration (the "FDA"), or any foreign, federal, state or local governmental or regulatory authority performing functions similar to those performed by Health Canada, the FDA, any filing, declaration, listing, registration, report or submission that is required to be so filed;
- (lll) the representations and warranties of the Company in the Medac Acquisition Agreement, a true copy of which has been provided to the Agents, are true and correct in all material respects, subject to any qualifications set out therein, as of the date hereof and to the Knowledge of the Company, the representations and warranties of Medac contained in the Medac Acquisition Agreement are true and correct in all material respects, subject to the same exceptions and qualifications as set out therein, as of the date hereof;
- (mmm) to the Knowledge of the Company, there has been no (i) actual or alleged breach or default by any party to the Medac Acquisition Agreement of any provisions of the Medac Acquisition Agreement and no event, condition, or occurrence exists which after the notice or lapse of time (or both) would reasonably be expected to constitute a breach or default by any party to the Medac Acquisition Agreement; or (ii) dispute, termination, cancellation, amendment or renegotiation of the Medac Acquisition Agreement, and, to the Knowledge of the Company, no state of facts which would reasonably be expected to give rise to any of the foregoing exists;
- (nnn) to the Knowledge of the Company, upon completion of the Medac Acquisition in accordance with the terms of the Medac Acquisition Agreement, and pursuant to the Medac Acquisition Agreement and ancillary agreements related thereto, the Company and its subsidiaries, as applicable, will hold all of the permits, certificates, licenses, registrations, approvals, qualifications, consents and like authorizations necessary or required in respect of Medac for the Company and its subsidiaries to carry on the business of Medac in the manner described in the Investor Presentation in each jurisdiction where such business is expected to be carried on that are reasonably expected to be material to the conduct of Medac's business (the "**Medac Permits**");
- (ooo) the representations and warranties of the Company in the Medexus Amalgamation Agreement, a true copy of which has been provided to the Agents, are true and correct in all material respects, subject to any qualifications set out therein, as of the date hereof and to the Knowledge of the Company, the representations and warranties of Medexus

contained in the Medexus Amalgamation Agreement are true and correct in all material respects, subject to the same exceptions and qualifications as set out therein, as of the date hereof;

- (ppp) to the Knowledge of the Company, there has been no (i) actual or alleged breach or default by any party to the Medexus Amalgamation Agreement of any provisions of the Medexus Amalgamation Agreement and no event, condition, or occurrence exists which after the notice or lapse of time (or both) would reasonably be expected to constitute a breach or default by any party to the Medexus Amalgamation Agreement; or (ii) except as disclosed to the Agents in writing, no dispute, termination, cancellation, amendment or renegotiation of the Medexus Amalgamation Agreement, and, to the Knowledge of the Company, no state of facts which would reasonably be expected to give rise to any of the foregoing exists;
- (qqq) to the Knowledge of the Company, upon completion of the Medexus Acquisition in accordance with the terms of the Medexus Amalgamation Agreement, and pursuant to the Medexus Amalgamation Agreement and ancillary agreements related thereto, the Company and its subsidiaries, as applicable, will hold all of the permits, certificates, licenses, registrations, approvals, qualifications, consents and like authorizations necessary or required in respect of Medexus for the Company and its subsidiaries to carry on the business of Medexus in the manner described in the Investor Presentation in each jurisdiction where such business is expected to be carried on that are reasonably expected to be material to the conduct of Medexus's business (the "**Medexus Permits**");
- (rrr) the Acquisitions were or will be, as applicable, effected in compliance in all material respects with all applicable Laws, and no payments will accrue, be owing or be payable by, the Company or any of its subsidiaries to any person in connection with any such acquisition, except as disclosed in the Medac Acquisition Agreement or in the Medexus Acquisition Agreement;
- (sss) the Company is not aware of any facts or circumstances that would cause it to believe that: (i) the Medac Acquisition will not be completed by the Escrow Release Deadline; (ii) the Medexus Acquisition will not be completed by the Escrow Release Deadline; (iii) the Medac Acquisition Agreement will be terminated; (iv) the Medexus Amalgamation Agreement will be terminated; (v) the Medac Acquisition will not be completed in accordance with the Medac Acquisition Agreement; or (vi) the Medexus Acquisition will not be completed in accordance with the Medexus Amalgamation Agreement; and
- (ttt) to the Knowledge of the Company, no event has occurred or condition exists which will prevent the Acquisitions from being completed prior to the Escrow Release Deadline.

10. Conditions of Closing

10.1 Each Purchaser's obligation to purchase the Subscription Receipts at the Time of Closing shall be conditional upon the fulfilment at or before the Time of Closing of the following conditions:

- (a) the Agents shall have received at the Time of Closing the aggregate number of Subscription Receipts sold pursuant to this Agreement in electronic or certificated form as Cormark shall notify the Company in writing not less than 24 hours prior to the Time of Closing;

- (b) the Agents shall deliver to the Subscription Receipt Agent the Brokered Escrowed Proceeds, which shall be payable by wire transfer or certified cheque as may be directed by the Company;
- (c) this Agreement shall have been executed and delivered by the parties hereto, and not subject to escrow, in form and substance satisfactory to the Agents and their counsel, acting reasonably;
- (d) the Subscription Receipt Agreement shall have been executed and delivered by the parties thereto, and not subject to escrow, in form and substance satisfactory to the Agents and their counsel, acting reasonably;
- (e) the forms of Convertible Debenture Indenture, Warrant Indenture and Compensation Warrant Certificate shall each be substantially settled in form in satisfactory to the Agents and their counsel, acting reasonably;
- (f) the Agents shall have received evidence, in form and substance satisfactory to the Agents and their counsel, acting reasonably, that any portion of the Escrowed Proceeds (as defined in the Subscription Receipt Agreement) not being delivered to the Subscription Receipt Agent directly by the Agents, shall have been delivered to the Subscription Receipt Agent to be held in escrow on the terms and subject to the conditions of the Subscription Receipt Agreement;
- (g) the Agents shall have received certificates of status or similar certificates with respect to the jurisdictions in which the Company and the Company's subsidiaries are incorporated;
- (h) the Agents shall have received written confirmation from the Subscription Receipt Agent that it has been duly appointed as subscription receipt agent for the Subscription Receipts;
- (i) the board of directors of the Company will have authorized and approved the Transaction Documents, the creation and issuance of the Subscription Receipts, the Units, the Convertible Debentures, the Underlying Shares, the Underlying Warrants, the Compensation Warrants and all matters relating to the foregoing;
- (j) the Company shall have delivered favourable legal opinions addressed to the Agents, in form and substance satisfactory to the Agents, acting reasonably, with respect to the following matters and, in giving such opinion, counsel to the Company shall be entitled to arrange, to the extent appropriate, for separate opinions of local counsel and shall be entitled as to matters of fact to rely upon a certificate of fact from responsible persons in a position to have knowledge of such facts and their accuracy with respect to the following matters:
 - (i) the Company is a corporation existing under the federal laws of Canada and has the corporate power and capacity to carry on business and own and lease properties and assets and to perform its obligations under the Transaction Documents;
 - (ii) the Company has all necessary corporate power and capacity, as applicable: (A) to execute and deliver, or cause to be delivered, as the case may be, the

Transaction Documents; and (B) to issue the applicable Securities upon satisfaction of the Escrow Release Conditions;

- (iii) as to the authorized capital of the Company, and the number of issued and outstanding Shares immediately prior to giving effect to the Offering;
- (iv) all necessary corporate action has been taken by the Company to authorize the execution and delivery of the Transaction Documents and the performance of its obligations hereunder and thereunder and the Transaction Documents have been executed and delivered by the Company and constitute legal, valid and binding obligations of the Company enforceable against it in accordance with their terms, subject to bankruptcy, insolvency and other Laws affecting the rights of creditors generally and subject to such other standard assumptions and qualifications including the qualifications that equitable remedies may be granted in the discretion of a court of competent jurisdiction and that enforcement of rights to indemnity, contribution and waiver of contribution set out in this Agreement may be limited by applicable law and that enforceability is subject to the provisions of the applicable statutory limitation periods;
- (v) the Subscription Receipts have been duly and validly created and issued under the terms of the Subscription Receipt Agreement;
- (vi) the execution and delivery of the Transaction Documents, the fulfillment of the terms hereof and thereof by the Company and the issuance of the Subscription Receipts to be issued pursuant to the Subscription Receipt Agreement, do not and will not result in a breach of or default under, and do not and will not create a state of facts which, after notice or lapse of time or both, will result in any breach of or default under, and do not and will not conflict with any of the terms, conditions or provisions of the constating documents of the Company or to the knowledge of counsel, the resolutions of the shareholders or directors of the Company or applicable Laws, which default(s) or breach(es) might, singly or in the aggregate, reasonably be expected to have a Material Adverse Effect;
- (vii) the issuance and sale by the Company of the Securities to the Purchasers in accordance with the terms of the Transaction Documents, as applicable, is exempt from the prospectus requirements of Applicable Securities Laws in the Selling Jurisdictions in Canada and no prospectus or other documents are required to be filed, proceedings taken or approvals, permits, consents or authorizations obtained under Applicable Securities Laws in Canada to permit such issuance, sale and delivery; it being noted, however, that with respect to the Subscription Receipts, the Company is required to file or cause to be filed with the applicable Securities Commissions, a report on Form 45-106F1 prepared and executed pursuant to NI 45-106, together with the prescribed filing fee, and the Investor Presentation, within 10 days following the Closing Date;
- (viii) the Subscription Receipts are, and the Convertible Debentures, Underlying Shares, Underlying Warrants, Unit Warrants, Unit Shares, and Warrant Shares will be, upon issuance, "qualified investments" for the purposes of the Income Tax Act (Canada);

- (ix) the appointment of the Subscription Receipt Agent has been approved by the board of directors of the Company; and
- (x) such other matters as the Agents' legal counsel may reasonably request prior to the Time of Closing;
- (k) if any Subscription Receipts are being sold on the Closing Date to U.S. Purchasers pursuant to Schedule "A" hereto, the Company shall have caused a favourable legal opinion to be delivered by Troutman Sanders LLP, United States counsel to the Company, in form and substance satisfactory to the Agents, acting reasonably, addressed to the Agents, to the effect that the offer and sale of such Subscription Receipts to purchasers in the United States is not required to be registered under the U.S. Securities Act;
- (l) the Agents shall have received on the Closing Date a certificate dated the Closing Date, signed by appropriate officers of the Company, without personal liability addressed to the Agents with respect to (i) all resolutions of the Company's board of directors relating to the Offering, this Agreement, the Brokered Subscription Agreement, the Subscription Receipt Agreement, the Medac Acquisition Agreement and the Medexus Amalgamation Agreement and the transactions contemplated hereby and thereby, (ii) the incumbency and specimen signatures of signing officers, and (iii) the constating documents of the Company and its subsidiaries;
- (m) the Company having obtained all required regulatory approvals (including the TSX-V Offering Approval, the TSX-V Acquisitions Approval and any other approvals that may be required under Applicable Securities Laws or by the TSX-V) and third party consents (including the Existing Debentureholder Consents) necessary to permit the completion of the transactions contemplated hereby;
- (n) the Agents being satisfied, in their sole discretion, with their due diligence investigations with respect to the Company and its subsidiaries, Medac, Medexus and the Acquisitions;
- (o) the Company shall have caused its transfer agent(s) and registrar(s) or a senior officer of the Company, if a transfer agent(s) and registrar(s) has not been appointed as of such date, to deliver a certificate as to the number of issued and outstanding Shares; and
- (p) the Company shall deliver such further certificates and other documentation as may be contemplated in this Agreement or as the Agents or their counsel may reasonably require.

11. Closing

11.1 The Offering will be completed at the offices of the Company's counsel in Calgary, Alberta at the Time of Closing or such other place, date or time as may be mutually agreed to.

11.2 At the Time of Closing:

- (a) the Agents shall have received the aggregate number of Subscription Receipts sold pursuant to this Agreement in electronic or certificated form as Cormark shall notify the Company in writing not less than 24 hours prior to the Time of Closing; and

- (b) the Company shall deliver to the Agents the requisite legal opinions and certificates as contemplated in Section 10 hereof,

against payment of the Brokered Escrowed Proceeds.

All terms and conditions of this Agreement shall be construed as conditions and any breach or failure to comply with any such terms and conditions in any material respect shall entitle the Agents to terminate their obligations to sell the Subscription Receipts by written notice to that effect given to the Company prior to the Time of Closing. It is understood that the Agents may waive, in whole or in part, or extend the time for compliance with, any of such terms and conditions without prejudice to their rights in respect of any such terms and conditions or any other subsequent breach or non-compliance; provided that to be binding on the Agents, any such waiver or extension must be in writing.

12. Termination of Purchase Obligation

12.1 Without limiting any of the other provisions of this Agreement, any Agent will be entitled at its sole option to terminate and cancel, without any liability on its part or on the part of the other Agents and the Purchasers, its obligations under this Agreement by giving written notice to the Company at any time through to the Time of Closing if:

- (a) *Due Diligence Out* - the Agent is not satisfied, in their sole discretion, acting reasonably, with their due diligence review and investigations of the Company and the business, operations and affairs of the Company, as well as of any of its respective subsidiaries, directors, officers, and employees;
- (b) *Material Change Out* - there is, in the reasonable opinion of the Agent, a material change or a change in any material fact or a new material fact shall arise or there should be discovered any previous undisclosed material fact which would be expected to have a significant adverse change or effect on the business, affairs, prospects or financial condition of the Company or its subsidiaries, or any of its material Intellectual Property or on the market price or the value or marketability of the Subscription Receipts;
- (c) *Market Out* - the state of the financial markets, whether national or international, is such that, in the reasonable opinion of the Agent, it would be impractical or unprofitable to offer or continue to offer the Subscription Receipts for sale;
- (d) *Disaster Out* - there should develop, occur or come into effect any event of any nature, including without limitation, accident, act of terrorism, public protest, governmental law or regulation which in the sole opinion of the Agent seriously adversely affects or may seriously adversely affect the financial markets or the business, affairs, prospects or financial condition of the Company or any of its subsidiaries, or any of their material Intellectual Property, taken as a whole, or the market price or the value or marketability of the Subscription Receipts;
- (e) *Regulatory Out* - any inquiry, action, suit, proceeding or investigation (whether formal or informal) is commenced, announced or threatened by any Governmental Authority including, without limitation, the TSX-V or any Securities Commission in relation to the Company or any of its respective subsidiaries, or there is any change of Laws, or the interpretation or administration thereof, which cease trades or otherwise operates to prevent or restrict the trading of any securities of the Company;

- (f) Breach Out - the Company is in breach of any material term, condition or covenant of this Agreement, or any representation or warranty given by the Company in this Agreement becomes or is false; or
- (g) any Agent and the Company agree in writing to terminate this Agreement in relation to such Agent; provided that the non-terminating Agent agrees to Act as sole Agent.

12.2 The applicable Agent shall make reasonable efforts to give written notice to the Company and to the other Agents of the occurrence of any of the events referred to in this section; provided that neither the giving nor the failure to give such notice shall in any way affect the Agents' entitlement to exercise this right at any time prior to the Time of Closing.

12.3 If the obligations of an Agent are terminated under this Agreement pursuant to the termination rights provided for in Section 12.1, the Company's liabilities to such Agent shall be limited to the Company's obligations under the indemnity, contribution and expense provisions of this Agreement.

13. Indemnity

13.1 In connection with the Offering, the Company (the "**Indemnitor**") hereby covenants and agrees to indemnify and hold each of the Agents, each of their subsidiaries and affiliates, and each of their directors, officers, managers, members, shareholders, partners, controlling persons, employees and agents (hereinafter referred to as an "**Indemnified Party**") harmless from and against any and all expenses, losses (other than loss of profits), fees, claims, actions (including shareholder actions, derivative actions or otherwise), damages, obligations, or liabilities, whether joint or several, and the reasonable fees and expenses of their counsel, that may be incurred in advising with respect to and/or defending any actual or threatened claims, actions, suits, investigations or proceedings to which an Indemnified Party may become subject or otherwise involved in any capacity under any statute or common law, or otherwise insofar as such expenses, losses, claims, damages, liabilities or actions arise out of or are based, directly or indirectly, upon the performance of professional services rendered to the Indemnitor by the Indemnified Party and hereunder, or otherwise in connection with the matters referred to herein (including the aggregate amount paid in reasonable settlement of any such actions, suits, investigations, proceedings or claims that may be made against an Indemnified Party, provided that the Indemnitor have agreed to such settlement).

Notwithstanding anything to the contrary contained herein, in respect of the offending Indemnified Party, this indemnity shall not apply to the extent that a court of competent jurisdiction in a final judgment that has become non-appealable shall determine that:

- (i) an Indemnified Party has been grossly negligent or has committed wilful misconduct or any fraudulent act in the course of such performance or has materially breached this Agreement; and
- (ii) the expenses, losses, claims, damages or liabilities, as to which indemnification is claimed, were directly caused by the actions referred to in (i).

13.2 Without limiting the generality of the foregoing, this indemnity shall apply to all expenses (including legal expenses), losses, claims and liabilities that the Indemnified Party may incur as a result of any action or litigation that may be threatened or brought against the Indemnified Party.

13.3 The Indemnitor agrees that in case any legal proceeding shall be brought against, or an investigation is commenced in respect of, the Indemnitor and/or an Indemnified Party and the Indemnitor

and/or Indemnified Party or its personnel are required to testify in connection therewith or shall be required to respond to procedures designed to discover information regarding, in connection with, or by reason of the performance of professional services rendered to the Indemnitor by an Indemnified Party, the Indemnified Party shall have the right to employ its own counsel in connection therewith provided the Indemnified Party acts reasonably in selecting such counsel (and provided that only one counsel shall be appointed to represent the Indemnified Parties collectively), and the reasonable fees and expenses of such counsel as well as the reasonable costs (including an amount to reimburse the Indemnified Party for time spent by the Indemnified Party in connection therewith) and out-of-pocket expenses incurred by the Indemnified Party in connection therewith shall be paid by the Indemnitor as they occur.

13.4 Promptly after receipt of notice of the commencement of any legal proceeding against an Indemnified Party or after receipt of notice of the commencement or any investigation, which is based, directly or indirectly, upon any matter in respect of which indemnification may be sought from the Indemnitor pursuant to the provisions of Section 13.1, the Indemnified Party will notify the Indemnitor in writing of the commencement thereof and, throughout the course thereof, will provide copies of all relevant documentation to the Indemnitor, will keep the Indemnitor advised of the progress thereof and will discuss with the Indemnitor all significant actions proposed. However, the failure by the Indemnified Party to notify the Indemnitor will not relieve the Indemnitor of its obligations to indemnify the Indemnified Party, except and only to the extent that such failure or delay materially prejudices the defence of any legal proceeding or materially increases the liability of the Indemnitor thereunder. The Indemnitor shall on behalf of itself and the Indemnified Party, be entitled to (but not required) to assume the defence of any suit brought to enforce such legal proceeding; provided, however, that the defence shall be conducted through legal counsel acceptable to the Indemnified Party, acting reasonably, that no settlement of any such legal proceeding may be made by the Indemnitor without the prior written consent of the Indemnified Party and no Indemnified Party shall be liable for any settlement of any such legal proceeding unless it has consented in writing to such settlement, such consent not to be unreasonably withheld. An Indemnified Party shall have the right to appoint its or their own separate counsel at the Indemnitor's cost provided the Indemnified Party acts reasonably in selecting such counsel, and provided that only one counsel shall be appointed to represent the Indemnified Party.

13.5 The indemnity and contribution obligations of the Indemnitor shall be in addition to any liability which the Indemnitor may otherwise have, shall extend upon the same terms and conditions to Indemnified Party and shall be binding upon and inure to the benefit of any successors, assigns, heirs and personal representatives of the Indemnitor and any Indemnified Party. The foregoing provisions shall survive the completion of professional services rendered under this Agreement or any termination of the authorization given by this Agreement.

14. Contribution

14.1 If for any reason (other than the occurrence of any of the events itemized in Section 13.1(i) and 13.1(ii) above), the foregoing indemnification is unavailable to an Indemnified Party or insufficient to hold an Indemnified Party harmless, then the Company shall contribute to the amount paid or payable by the Indemnified Party as a result of such expense, loss, claim, damage or liability in such proportion as is appropriate to reflect not only the relative benefits received by the Company on the one hand and the Indemnified Party on the other hand but also the relative fault of the Company and the Indemnified Party, as well as any relevant equitable considerations; provided that the Company shall in any event contribute to the amount paid or payable by the Indemnified Party as a result of such expense, loss, claim, damage or liability and any excess of such amount over the amount of the fees received by the Agents pursuant to this Agreement.

15. Agents' Commission

15.1 In consideration of the services to be rendered by the Agents in connection with the Brokered Offering, the Company shall pay the Agents a cash fee equal to 7.0% of the aggregate gross proceeds received by the Company under the Offering in excess of \$30,000,000 (the "**Agents' Commission**") which shall be payable to the Agents, together with the *pro rata* portion of accrued interest earned or income generated thereon, from the Brokered Escrowed Funds upon satisfaction of the Escrow Release Conditions.

15.2 In addition, on the applicable Closing Date, the Company shall issue to the Agents compensation warrants (the "**Compensation Warrants**") to acquire that number of Shares as is equal to 3.5% of the aggregate gross proceeds received by the Company under the Offering in excess of \$30,000,000 (and assuming for the purpose of such calculation a price per Common Share of \$0.39), exercisable into Shares for a period of 36 months following the final Closing Date at a price equal to \$0.63 per Share. In connection with the issuance of the Compensation Warrants, each Agent represents, warrants and covenants that (i) it is acquiring the Compensation Warrants as principal for its own account and not for the benefit of any other person; (ii) it is not a U.S. Person and is not acquiring the Compensation Warrants in the United States, or on behalf of a U.S. Person or a person located in the United States; and (iii) this Agreement was executed and delivered outside the United States. Each Agent acknowledges and agrees that the Compensation Warrants may not be exercised in the United States or by or on behalf or for the benefit of a U.S. Person or a person in the United States, unless such exercise is not subject to registration under the U.S. Securities Act or the applicable securities laws of any state of the United States.

16. Expenses

16.1 Subject to 16.2 below, whether or not the Offering is completed, the Company agrees to pay all of its expenses and fees in connection with the Offering, including, without limitation: (i) all expenses of or incidental to the creation, issue, sale and distribution of the Offering; (ii) the fees and expenses of the Company's legal counsel; and (iii) all costs incurred in connection with the preparation of documentation relating to the Offering.

16.2 Whether or not the Offering is completed, the Company shall reimburse the Agents for (a) reasonable fees and disbursements of the Agents' Canadian legal counsel and all reasonable "out-of-pocket" expenses of the Agents, up to a maximum of C\$100,000, exclusive of disbursements and taxes (or such greater amount as may be agreed to in writing among the Company and the Agents) and (b) if the Agents shall determine that it is necessary to engage local counsel in the United States or any other jurisdiction outside of Canada and the Company has consented to such engagement (such consent not to be unreasonably withheld), the reasonable fees and disbursements of such local counsel to the Agents.

16.3 All reasonable fees and "out-of-pocket" expenses incurred by the Agents or on their behalf shall be payable by the Company immediately upon receiving an invoice therefor from the Agents and at the option of the Agents, any fees and expenses shall, in respect of fees and expenses payable by the Company, be deducted from the gross proceeds otherwise payable into escrow in accordance with the Subscription Receipt Agreement at the Time of Closing.

16.4 All fees and expenses payable by the Company pursuant to this Agreement shall be payable whether or not the Offering is completed.

17. Action by Agents

17.1 All steps which must or may be taken by the Agents in connection with the closing of the Offering, with the exception of the matters relating to termination of selling obligations and to indemnity and contribution, may be taken by Cormark on behalf of itself and the other Agents, and the execution of this Agreement by the other Agents and by the Company shall constitute the Company's authority and obligation for accepting notification of any such steps from, and for delivering the Subscription Receipts to or to the order of, Cormark. Cormark shall fully consult with the other Agents with respect to all notices, waivers, extensions or other communications to or with the Company.

18. Survival of Warranties, Representations, Covenants and Agreements

18.1 All warranties, representations, covenants and agreements of the Company herein contained shall survive the sale by the Company of the Subscription Receipts and shall continue in full force and effect for the benefit of the Agents regardless of the closing of the sale of the Subscription Receipts and regardless of any investigation which may be carried on by the Agents or on its behalf until the second anniversary of the satisfaction of the Escrow Release Conditions. For greater certainty, and without limiting the generality of the foregoing, the provisions contained in this Agreement in any way related to the indemnification of the Agents by the Company or the contribution obligations of the Agents or those of the Company, as applicable, shall survive and continue in full force and effect, for the applicable limitation period prescribed by law.

19. General Contract Provisions

19.1 Any notice or other communication to be given hereunder shall be in writing and shall be given by delivery, telecopier (fax), email or other electronic means, as follows:

if to the Company:

Pediapharm Inc.
225-1 Place du Commerce
Verdun, Québec H3E 1A2

Attention: Roland Boivin, CFO
Email: *[Redacted – Personal Information]*

with a copy to (not to constitute notice):

Burstall LLP
Suite 1600, Dome Tower
333-7th Avenue SW
Calgary, Alberta T2P 2Z1

Attention: Sabina Shah
Facsimile: (403) 266-6016
Email: *[Redacted – Personal Information]*

if to the Agents:

Cormark Securities Inc.
Royal Bank Plaza

South Tower, Suite 2800
200 Bay Street
Toronto, Ontario M5J 2J2

Attention: James Austen
Email: *[Redacted – Personal Information]*

and

Mackie Research Capital Corporation
Commerce Court West, Box 368
Suite 4500, 199 Bay Street
Toronto, Ontario M5L 1G2

Attention: David Keating
Email: *[Redacted – Personal Information]*

with a copies to (not to constitute notice):

Blake, Cassels & Graydon LLP
Suite 4000, 199 Bay Street
Toronto, Ontario M5L 1A9

Attention: Joe Zed
Email: *[Redacted – Personal Information]*

and

Attention: Michael Hickey
Email: *[Redacted – Personal Information]*

and if so given, shall be deemed to have been given and received upon receipt by the addressee or a responsible officer of the addressee if delivered, or four hours after being telecopied and receipt confirmed during normal business hours, as the case may be. Any party may, at any time, give notice in writing to the others in the manner provided for above of any change of address or telecopier number.

19.2 This Agreement constitutes the entire agreement among the Agents and the Company relating to the subject matter hereof and supersedes all prior agreements among the Agents and the Company with respect to their respective rights and obligations in respect of the Offering.

19.3 Time shall be of the essence for all provisions of this Agreement.

19.4 The terms and provisions of this Agreement shall be binding upon and enure to the benefit of the Company and the Agents and their respective executors, heirs, successors and permitted assigns; provided that this Agreement shall not be assignable by any party without the written consent of the others.

19.5 This Agreement may be executed by telecopier or scanner and in one or more counterparts which, together, shall constitute an original copy hereof as of the date first noted above regardless of the actual date of execution.

[Remainder of page intentionally left blank]

If this Agreement accurately reflects the terms of the transaction which we are to enter into and if such terms are agreed to by the Company, please communicate your acceptance by executing where indicated below.

Yours very truly,

CORMARK SECURITIES INC.

Per: "James Austen"
Authorized Signing Officer

MACKIE RESEARCH CAPITAL CORPORATION

Per: "David Keating"
Authorized Signing Officer

[Remainder of page intentionally left blank]

The foregoing offer is accepted and the terms hereof are agreed to by the parties below with effect as of the date provided at the top of the first page of this Agreement.

PEDIAPHARM INC.

Per: "Roland Boivin"
Authorized Signing Officer

SCHEDULE “A”

COMPLIANCE WITH UNITED STATES SECURITIES LAWS

This is Schedule “A” to the Agency Agreement dated as of October 11, 2018 among the Company and the Agents.

As used in this Schedule “A”, capitalized terms used herein and not defined herein shall have the meaning ascribed thereto in the Agency Agreement to which this Schedule is annexed and the following terms shall have the meanings indicated:

- (a) **“Directed Selling Efforts”** means directed selling efforts as that term is defined in Rule 902(c) of Regulation S. Without limiting the foregoing, but for greater clarity in this Schedule, it means, subject to the exclusions from the definition of directed selling efforts contained in Regulation S, any activity undertaken for the purpose of, or that could reasonably be expected to have the effect of, conditioning the market in the United States for any of the Subscription Receipts, the Units, the Unit Shares, the Unit Warrants, the Warrant Shares, the Convertible Debentures, the Underlying Shares or the Underlying Warrants and includes the placement of any advertisement in a publication with a general circulation in the United States that refers to the offering of such securities;
- (b) **“Foreign Issuer”** shall have the meaning ascribed thereto in Rule 902(e) of Regulation S. Without limiting the foregoing, but for greater clarity in this Schedule, it includes any issuer which is a corporation or other organization incorporated or organized under the laws of any country outside the United States, except an issuer meeting the following conditions as of the last business day of its most recently completed second fiscal quarter: (1) more than 50 percent of the issuer’s outstanding voting securities are directly or indirectly held of record by residents of the United States; and (2) any of the following: (i) the majority of the executive officers or directors are United States citizens or residents, (ii) more than 50 percent of the assets of the issuer are located in the United States, or (iii) the business of the issuer is administered principally in the United States;
- (c) **“General Solicitation or General Advertising”** means “general solicitation or general advertising” as used in Rule 502(c) under the U.S. Securities Act, including, but not limited to, advertisements, articles, notices or other communications published in any newspaper, magazine or similar media or on the internet or broadcast over the internet, radio or television, or any seminar or meeting whose attendees had been invited by general solicitation or general advertising or in any other manner involving a public offering within the meaning of Section 4(a)(2) of the U.S. Securities Act;
- (d) **“SEC”** means the United States Securities and Exchange Commission;
- (e) **“Securities”** means the Subscription Receipts, the Units, the Unit Shares, the Unit Warrants, the Warrant Shares, the Convertible Debentures, the Underlying Shares and the Underlying Warrants; and
- (f) **“Substantial U.S. Market Interest”** means substantial U.S. market interest as that term is defined in Rule 902(j) of Regulation S.

Representations, Warranties and Covenants of the Agents

The Agents acknowledge that the Securities have not been and will not be registered under the U.S. Securities Act or any state securities laws, and the Subscription Receipts may be offered and sold only in transactions exempt from or not subject to the registration requirements of the U.S. Securities Act and applicable state securities laws. Accordingly, the Agents represent, warrant and covenant to the Company as of the date hereof and the Closing Date that:

1. They have not offered or sold, and will not offer or sell, any Subscription Receipts except (a) in an “offshore transaction” (as defined in Rule 902(h) Regulation S) in accordance with Regulation S or (b) to, or for the account or benefit of, persons in the United States or U.S. Persons as provided in paragraphs 2 through 14 below. Accordingly, none of the Agents, their respective affiliates nor any persons acting on its or their behalf, have made or will make (except as permitted in paragraphs 2 through 14 below) (i) any offer to sell or any solicitation of an offer to buy, any Subscription Receipts to, or the account or benefit of, any person in the United States or any U.S. Person, (ii) any sale of Subscription Receipts to any Purchaser unless, at the time the buy order was or will have been originated, the Purchaser was outside the United States and not a U.S. Person, or such Agents, affiliates and persons acting on behalf of any of the aforementioned reasonably believed that such Purchaser was outside the United States and not a U.S. Person, or (iii) any Directed Selling Efforts.
2. They have not entered and will not enter into any contractual arrangement with respect to the distribution of the Subscription Receipts, except with the U.S. Placement Agent, or with the prior written consent of the Company.
3. All offers and sales of the Subscription Receipts in the United States shall be made through the U.S. Placement Agent in compliance with all applicable U.S. broker-dealer requirements and such U.S. Placement Agent was and is a duly registered broker or dealer with the SEC and under the laws of each state where such offers and sales were or are made (unless exempted from such state’s registration requirements) and member of, and in good standing with, the Financial Industry Regulatory Authority, Inc. on the date of each such offer and sale.
4. Offers and sales of the Subscription Receipts in the United States or to, or for the account or benefit of, persons in the United States or U.S. Persons shall not be made (i) by any form of General Solicitation or General Advertising or (ii) in any manner involving a public offering within the meaning of Section 4(a)(2) of the U.S. Securities Act.
5. Any offer, sale or solicitation of an offer to buy the Subscription Receipts that has been made or will be made to, or for the account or benefit of, persons in the United States and U.S. Persons was or will be made only to Qualified Institutional Buyers in transactions that are exempt from registration under the U.S. Securities Act and applicable state securities laws.
6. The Agents acting through the U.S. Placement Agent may offer the Subscription Receipts to, or for the account or benefit of, persons in the United States and U.S. Persons only to offerees with respect to which the Agents have reasonable grounds to believe, and do believe, are Qualified Institutional Buyers.
7. At least one business day prior to the Time of Closing, they will provide the Company with a list of all U.S. Purchasers.

8. They will inform, and cause the U.S. Placement Agent to inform all U.S. Purchasers that the Securities have not been and will not be registered under the U.S. Securities Act or applicable state securities laws and are being sold to them without registration in reliance on an exemption from the registration requirements of the U.S. Securities Act and applicable state securities laws.
9. Each Agent agrees that at the Time of Closing, it, together with the U.S. Placement Agent will either (i) provide a certificate, substantially in the form of Annex I to this Schedule "A", relating to the manner of the offer and sale of the Subscription Receipts to, or for the account or benefit of, persons in the United States or U.S. Persons or (ii) be deemed to represent and warrant that neither it nor any of its affiliates made any offers or sales of Subscription Receipts to, or for the account or benefit of, persons in the United States or U.S. Persons.
10. Prior to the sale of any Subscription Receipts, each U.S. Purchaser will duly complete and execute a U.S. Brokered Subscription Agreement.
11. None of its, its affiliates or anyone acting on its or their behalf has taken any action in violation of Regulation M under the U.S. Securities Exchange Act of 1934, as amended, in connection with the offer and sale of the Securities.
12. None of it, its affiliates or anyone acting on its or their behalf will solicit the exchange of the Subscription Receipts for the Units or the Convertible Debentures and will not pay, give or receive any commission or other remuneration, directly or indirectly, for soliciting the exchange of the Subscription Receipts for the Units or the Convertible Debentures.
13. As of the Closing Date, with respect to the Subscription Receipts to be offered and sold hereunder in reliance on Rule 506(b) of Regulation D (the "**Regulation D Securities**"), each Agent represents that none of (i) the Agent or its U.S. Affiliates, (ii) the Agent or its U.S. Affiliate's general partners or managing members, (iii) any of the Agent's or its U.S. Affiliate's directors, executive officers or other officers participating in the offering of the Regulation D Securities, (iv) any of the Agent's or its U.S. Affiliate's general partners' or managing members' directors, executive officers or other officers participating in the offering of the Regulation D Securities or (v) any other person associated with any of the above persons, that has been or will be paid (directly or indirectly) remuneration for solicitation of U.S. Purchasers in connection with sale of Regulation D Securities (each, a "**Dealer Covered Person**" and, collectively, the "**Dealer Covered Persons**"), is subject to any of the "Bad Actor" disqualifications described in Rule 506(d)(1) under Regulation D (a "**Disqualification Event**").
14. As of the Closing Date, the Agent represents that it is not aware of any person (other than any Dealer Covered Person) that has been or will be paid (directly or indirectly) remuneration for solicitation of purchasers in connection with the sale of any Regulation D Securities.

Representations, Warranties and Covenants of the Company

The Company represents, warrants, covenants and agrees as of the date hereof and the Closing Date that:

1. All offers and sales in the Non-Brokered Offering in the United States will be made only to U.S. Accredited Investors in compliance with Rule 506(b) of Regulation D.
2. The Company is a Foreign Issuer and reasonably believes that there is no Substantial U.S. Market Interest in the Securities.

3. The Company is not, and as a result of the Offering will not be, registered or required to register as an “investment company,” as such term is defined under the United States Investment Company Act of 1940, as amended, under such Act.
4. Except with respect to offers and sales to U.S. Institutional Accredited Investors made pursuant to this Schedule “A” within the United States in reliance upon and in accordance with an exemption from the registration requirements of the U.S. Securities Act and applicable state securities laws, neither the Company nor any of its affiliates, nor any person acting on its behalf (other than the Agents and their respective affiliates, as to which the Company makes no representation or covenant), has made or will make: (A) any offer to sell, or any solicitation of an offer to buy, any Subscription Receipts to a person in the United States; or (B) any sale of Subscription Receipts unless, at the time the buy order was or will have been originated, the purchaser is (i) outside the United States or (ii) the Company, its affiliates, and any person acting on their behalf reasonably believe that the purchaser is outside the United States.
5. During the period in which the Subscription Receipts are offered for sale, neither it nor any of its affiliates, nor any person acting on its or their behalf (other than the Agents and their respective affiliates, as to which the Company makes no representation or covenant) (i) has made or will make any Directed Selling Efforts, or (ii) has engaged in or will engage in any form of General Solicitation or General Advertising with respect to offers or sales of the Subscription Receipts to, or for the account or benefit of, persons in the United States or U.S. Persons.
6. Since the date that is six months prior to the date hereof and until six months following the date hereof, the Company has not sold, offered for sale or solicited any offer to buy, and it will not sell, offer for sale or solicit any offer to buy, any of its securities in a manner that would be integrated with the offer and sale of the Subscription Receipts and would cause the exemption from registration set forth in Rule 506(b) of Regulation D under the U.S. Securities Act to become unavailable with respect to the offer and sale of the Subscription Receipts.
7. The Company will, within prescribed time periods, prepare and file any forms or notices required under the U.S. Securities Act or applicable “blue sky” laws in connection with the offer and sale of the Subscription Receipts, including the filing of a notice on Form D with the SEC.
8. Neither the Company nor any of its predecessors or affiliates has been subject to any order, judgment or decree of any court of competent jurisdiction temporarily, preliminarily or permanently enjoining such person for failure to comply with Rule 503 of Regulation D.
9. The Company has not taken any action in violation of Regulation M under the U.S. Securities Exchange Act of 1934, as amended in connection with the offer and sale of the Securities.
10. The Company will not pay or give any commission or other remuneration, directly or indirectly, for soliciting the exchange of the Subscription Receipts for the Units or the Convertible Debentures.
11. As of the Closing Date, with respect to the offer and sale of the Regulation D Securities, none of the Company, any of its predecessors, any “affiliate” (as such term is defined in Rule 501(b) of Regulation D), any director, executive officer or other officer of the Company participating in the offering of the Regulation D Securities, any beneficial owner of 20% or more of the Company’s outstanding voting equity securities, calculated on the basis of voting power, or any promoter (as that term is defined in Rule 405 under the U.S. Securities Act) connected with the Company in

any capacity at the time of sale of the Regulation D Securities (other than any Dealer Covered Person, as to whom no representation is made) is subject to any Disqualification Event.

12. As of the Closing Date, the Company is not aware of any person (other than any Dealer Covered Person) that has been or will be paid (directly or indirectly) remuneration for solicitation of U.S. Purchasers in connection with the sale of any Regulation D Securities.

ANNEX I TO SCHEDULE "A"

AGENT'S CERTIFICATE

In connection with the private placement to, or for the account or benefit of, persons in the United States and U.S. Persons of the subscription receipts (the "**Subscription Receipts**") of Pediapharm Inc. (the "**Company**") pursuant to the agency agreement dated October 11, 2018, among the Company and the Agents named therein (the "**Agency Agreement**"), each of the undersigned does hereby certify as follows:

- (i) the U.S. Placement Agent is a duly registered broker or dealer with the United States Securities and Exchange Commission (the "**SEC**") and the Financial Industry Regulatory Authority, Inc. ("**FINRA**") and is in good standing with the FINRA and the SEC on the date hereof;
- (ii) immediately prior to offering the Subscription Receipts to offerees in the United States and to U.S. Persons (collectively, "**U.S. Private Placees**"), we had reasonable grounds to believe and did believe that each such offeree was a Qualified Institutional Buyer and, on the date hereof, we continue to believe that each U.S. Private Placee purchasing Subscription Receipts through or from us is a Qualified Institutional Buyer;
- (iii) no form of "general solicitation" or "general advertising" (as those terms are used in Regulation D under the U.S. Securities Act) was used by us, including, but not limited to, advertisements, articles, notices or other communications published in any newspaper, magazine or similar media or on the internet or broadcast over the internet, radio or television, or any seminar or meeting whose attendees had been invited by general solicitation or general advertising, in connection with the offer or sale of the Subscription Receipts to, or for the account or benefit of, persons in the United States or U.S. Persons or offered to sell any of the Subscription Receipts in any manner involving a public offering within the meaning of Section 4(a)(2) of the U.S. Securities Act;
- (iv) all offers and sales of Subscription Receipts in the United States have been effected in accordance with all applicable U.S. federal and state broker-dealer requirements;
- (v) the offering of the Subscription Receipts to, or for the account or benefit of, persons in the United States or U.S. Persons has been conducted by us through our U.S. registered broker-dealer affiliate in accordance with the Agency Agreement, including Schedule "A" attached hereto;
- (vi) prior to the sale of the Subscription Receipts to U.S. Purchasers, we caused each such U.S. Purchaser to duly complete and execute a U.S. Brokered Subscription Agreement;
- (vii) neither we nor any of our affiliates have taken or will take, directly or indirectly, any action in violation of Regulation M under the U.S. Exchange Act with respect to the offer or sale of the Securities;
- (viii) none of (i) the undersigned, (ii) the undersigned's general partners or managing members, (iii) any of the undersigned's directors, executive officers or other officers participating in the offering of the Regulation D Securities, (iv) any of the undersigned's general partners' or managing members' directors, executive officers or other officers participating in the offering of the Regulation D Securities or (v) any other person associated with any of the above persons that has been or will be paid (directly or indirectly) remuneration for solicitation of purchasers in

connection with sale of Regulation D Securities (each, a “Dealer Covered Person”), is subject to disqualification under Rule 506(d) of Regulation D; and

- (ix) we represent that we not aware of any person (other than any Dealer Covered Person) that has been or will be paid (directly or indirectly) remuneration for solicitation of purchasers in connection with the sale of any Regulation D Securities.

Terms used in this certificate have the meanings given to them in the Agency Agreement, including Schedule “A” thereto, unless defined herein.

DATED this day of , 2018.

[INSERT NAME OF U.S. AFFILIATE]

[INSERT NAME OF U.S. PLACEMENT AGENT]

By: _____
Name:
Title:

By: _____
Name: