

This short form prospectus constitutes a public offering of these securities only in those jurisdictions where they may be lawfully offered for sale and therein only by persons permitted to sell such securities. No securities regulatory authority has expressed an opinion about these securities and it is an offence to claim otherwise.

These securities have not been, and will not be, registered under the United States Securities Act of 1933, as amended (the “U.S. Securities Act”), or the securities laws of any state of the “United States” (as such term is defined in Regulation S under the U.S. Securities Act) (the “United States”) and may not be offered, sold or delivered, directly or indirectly, to, or for the account or benefit of, persons in the United States or “U.S. persons” (as such term is defined in Regulation S under the U.S. Securities Act) (“U.S. Persons”) except as permitted by the Underwriting Agreement (as defined below) and pursuant to an exemption from registration under the U.S. Securities Act and applicable U.S. state securities laws. This short form prospectus does not constitute an offer to sell or a solicitation of an offer to buy any of these securities to, or for the account or benefit of, persons in the United States or U.S. Persons. See “Plan of Distribution”.

Information has been incorporated by reference in this short form prospectus from documents filed with securities commissions or similar authorities in Canada other than Québec. Copies of the documents incorporated herein by reference may be obtained on request without charge from the Corporate Secretary of Medexus Pharmaceuticals Inc. at 10 King Street East, Suite 600, Toronto, Ontario, Canada M5C 1C3 (telephone: 437-836-1070), and are also available electronically at www.sedarplus.com.

SHORT FORM PROSPECTUS

New Issue

October 2, 2023



MEDEXUS PHARMACEUTICALS INC.

\$10,000,205

3,389,900 Units

Price: \$2.95 per Unit

This short form prospectus (this “**Prospectus**”) qualifies the distribution to the public (the “**Offering**”) of 3,389,900 units (the “**Units**”) of Medexus Pharmaceuticals Inc. (“**Medexus**” or the “**Company**”) at a price of \$2.95 per Unit (the “**Offering Price**”). Each Unit will consist of one common share in the capital of the Company (each a “**Common Share**”, and each Common Share forming part of a Unit, a “**Unit Share**”) and one-half of one common share purchase warrant (each whole common share purchase warrant, a “**Warrant**”). Each Warrant will entitle the holder thereof to acquire, subject to adjustment in certain circumstances (as described herein), one common share in the capital of the Company (each, a “**Warrant Share**”) at an exercise price of \$3.65 per Warrant Share, until 5:00 p.m. (Toronto time) on the date that is 30 months from the Closing Date (as defined herein). The Warrants will be governed by the terms of a warrant indenture (the “**Warrant Indenture**”) to be dated as of the Closing Date between the Company and Odyssey Trust Company (the “**Warrant Agent**”), as warrant agent. The Units will immediately separate into Unit Shares and Warrants upon issuance. See “Description of Securities Being Distributed”.

The Units will be issued pursuant to the terms of an underwriting agreement dated September 11, 2023 (the “**Underwriting Agreement**”) entered into between the Company and Research Capital Corporation as sole underwriter and bookrunner (the “**Underwriter**”). The Offering Price was determined by arm’s length negotiation between the Company and the Underwriter, with reference to the prevailing market price of the Common Shares on the Toronto Stock Exchange (the “**TSX**”). See “Plan of Distribution”.

The TSX has conditionally approved the listing of the Unit Shares, the Warrant Shares and the Compensation Option Shares (as defined below) that are being distributed under this Prospectus on the TSX. Listing will be subject to the Company fulfilling all of the requirements of the TSX.

The Common Shares are listed and posted for trading (i) on the TSX under ticker symbol “MDP”, (ii) on the OTCQX under ticker symbol “MEDXF” and (iii) on the Frankfurt Stock Exchange under ticker symbol “P731”. The closing price of the Common Shares on September 5, 2023, the last full trading day prior to the announcement of the Offering, was (i) \$3.13 per Common Share on the TSX, (ii) US\$2.28 per Common Share on the OTCQX and (iii) €1.91 per Common Share on the Frankfurt Exchange.

On September 29, 2023, the last full trading day prior to the date of this Prospectus, the closing price of the Common Shares was (i) \$3.05 per Common Share on the TSX, (ii) US\$2.24 per Common Share on the OTCQX and (iii) €2.02 per Common Share on the Frankfurt Exchange.

	<u>Price to the Public</u>	<u>Underwriter’s Fee⁽¹⁾⁽²⁾</u>	<u>Net Proceeds to the Company⁽²⁾</u>
Per Unit	\$2.95	\$0.177	\$2.773
Total Offering ⁽³⁾⁽⁴⁾	\$10,000,205.00	\$600,012.30	\$9,400,192.70

Notes:

- (1) The Company has agreed to pay the Underwriter a cash commission (the “**Underwriter’s Fee**”) equal to 6.0% of the aggregate gross proceeds of the Offering, including pursuant to any exercise of the Over-Allotment Option (as defined below). In addition to the Underwriter’s Fee, the Company has agreed to issue to the Underwriter, or as it may direct, that number of compensation options (“**Compensation Options**”) as is equal to 6.0% of the aggregate number of Units sold pursuant to the Offering, including pursuant to any exercise of the Over-Allotment Option. Each Compensation Option will entitle the holder thereof to purchase one Common Share (a “**Compensation Option Share**”) at the Offering Price for a period of 30 months following the Closing Date. This Prospectus qualifies the distribution of the Compensation Options. See “Plan of Distribution”.
- (2) Before deducting the expenses of the Offering, estimated to be approximately \$600,000 which, together with the Underwriter’s Fee, will be paid from the proceeds of the Offering.
- (3) Assuming no exercise of the Over-Allotment Option, the total price to the public, Underwriter’s Fee and net proceeds to the Company (before deducting expenses of the Offering) will be approximately \$10,000,205.00, \$600,012.30 and \$9,400,192.70, respectively.
- (4) The Company has granted to the Underwriter an option (the “**Over-Allotment Option**”), exercisable in whole or in part, at any time and from time to time, up to the date that is 30 days following the Closing Date, to purchase up to an additional 508,484 Units (the “**Over-Allotment Units**”) and/or up to 508,484 Common Shares (“**Over-Allotment Common Shares**”) and/or up to 254,242 Warrants (“**Over-Allotment Warrants**”), to cover the Underwriter’s over-allocation position, if any, and for market stabilization purposes. The Over-Allotment Option may be exercised by the Underwriter to acquire: (a) Over-Allotment Units at the Offering Price; (b) Over-Allotment Common Shares at a price of \$2.7299 per Over-Allotment Common Share; (c) Over-Allotment Warrants at a price of \$0.4402 per Over-Allotment Warrant; or (d) any combination of Over-Allotment Units, Over-Allotment Common Shares and Over-Allotment Warrants, so long as the aggregate number of Over-Allotment Common Shares and Over-Allotment Warrants which may be issued under the Over-Allotment Option does not exceed 508,484 Over-Allotment Common Shares and 254,242 Over-Allotment Warrants, respectively. If the Over-Allotment Option is exercised in full for Over-Allotment Units, the total price to the public, Underwriter’s Fee and net proceeds to the Company (before deducting expenses of the Offering) will be approximately \$11,500,232.80, \$690,013.97 and \$10,810,218.83, respectively. This Prospectus qualifies the grant of the Over-Allotment Option and the distribution of the Over-Allotment Units and/or Over-Allotment Warrants and/or Over-Allotment Common Shares issuable upon exercise of the Over-Allotment Option. A purchaser who acquires securities forming part of the Underwriter’s over-allocation position acquires those securities under this Prospectus regardless of whether the Underwriter’s over-allocation position is ultimately filled through the exercise of the Over-Allotment Option or secondary market purchases. See “Plan of Distribution” and the table below, which sets out the securities issuable under the Over-Allotment Option and the Compensation Options.

<u>Underwriter's Position</u>	<u>Maximum Size or Number of Securities Available</u>	<u>Exercise Period</u>	<u>Exercise Price</u>
Over-Allotment Option	Up to 508,484 Over-Allotment Units; and/or 508,484 Over-Allotment Common Shares; and/or 254,242 Over-Allotment Warrants	Exercisable at any time and from time to time up to 30 days following the Closing Date	\$2.95 per Over-Allotment Unit \$2.7299 per Over-Allotment Common Share \$0.4402 per Over-Allotment Warrant
Compensation Options	203,394 Compensation Option Shares (up to 233,903 Compensation Option Shares if the Over-Allotment Option is exercised in full)	Exercisable at any time and from time to time for a period of 30 months after the Closing Date	\$2.95 per Compensation Option Share

The Underwriter, as principal, conditionally offers the Units, subject to prior sale, if, as and when issued by the Company and accepted by the Underwriter in accordance with the conditions contained in the Underwriting Agreement referred to under "Plan of Distribution" and subject to the approval of certain legal matters on behalf of the Company by Blake, Cassels & Graydon LLP and on behalf of the Underwriter by Fasken Martineau DuMoulin LLP. The Units will be offered in each of the provinces of Canada, other than Québec, through the Underwriter or such other registered dealers as may be designated by the Underwriter. Subject to applicable laws, the Underwriter may offer the Units to, or for the account or benefit of, persons in jurisdictions outside of Canada as may be agreed to between the Company and the Underwriter, in each case in accordance with applicable laws provided that no prospectus, registration statement or similar document is required to be filed in any such jurisdiction.

Subject to applicable laws, the Underwriter may, in connection with the Offering, over-allot or effect transactions that stabilize or maintain the market price of the Common Shares at levels other than those which otherwise might prevail on the open market. Such transactions, if commenced, may be discontinued at any time. **The Underwriter proposes to offer the Units initially at the Offering Price. After a reasonable effort has been made to sell all of the Units at the Offering Price, the Underwriter may subsequently reduce the selling price to investors from time to time in order to sell any of the Units remaining unsold. Any such reduction will not affect the proceeds received by the Company. See "Plan of Distribution".**

There is no market through which the Warrants may be sold and purchasers may not be able to resell the Warrants purchased under this Prospectus. This may affect the pricing of the Warrants in the secondary market, the transparency and availability of trading prices, the liquidity of the Warrants, and the extent of issuer regulation. See "Risk Factors".

Subscriptions will be received subject to rejection or allocation in whole or in part and the Underwriter reserves the right to close the subscription books at any time without notice. Closing of the Offering is expected to occur on or about October 5, 2023 or such other date as may be agreed to by the Company and the Underwriter (the "Closing Date"); provided that the Units are to be taken up by the Underwriter on or before the date that is not later than 42 days after the receipt for the final short form prospectus relating to the Offering.

Unless otherwise agreed between the Company and a purchaser of Units, the Units will be issued as non-certificated book-entry securities through CDS Clearing and Depository Services Inc. ("CDS") or its nominee. Consequently, purchasers of the Units will receive only a customer confirmation from the Underwriter or other registered dealer who is a CDS participant (a "CDS Participant") from or through which the Units are purchased and no certificate evidencing the Unit Shares or the Warrants will be issued. Registration will be made through the depository services of CDS. See "Plan of Distribution".

Prospective investors should rely only on the information contained or incorporated by reference in this Prospectus. The Company and the Underwriter have not authorized anyone to provide prospective investors with information different from that contained or incorporated by reference in this Prospectus, other than the “Marketing Materials” available under the Company’s profile on www.sedarplus.com. To the extent of any discrepancy between the information contained in the Marketing Materials and this Prospectus, prospective investors are advised that the Marketing Materials do not provide full disclosure of all material facts relating to the securities offered. Prospective investors should read this Prospectus and any amendment for disclosure of those facts especially risk factors relating to, among other things, the Company and the Units, before making an investment decision. The Underwriter is offering to sell and seeking offers to buy the Units only in jurisdictions where, and to persons to whom, offers and sales are lawfully permitted. Readers should not assume that the information contained in this Prospectus is accurate as of any date other than the date on the cover page of this Prospectus. An investment in the Units involves a high degree of risk and should only be made by persons who can afford the total loss of their investment. Investors should carefully consider the risk factors described in this Prospectus and in the documents incorporated by reference herein before purchasing the Units. Prospective investors are advised to consult their legal counsel and other professional advisors in order to assess income tax, legal and other aspects of the investment. See “Risk Factors” in this Prospectus, “Risk Factors” in the Annual Information Form (as defined herein) and under the heading “Risk Factors and Risk Management” in the MD&A (as defined herein), and elsewhere in the Company’s other disclosure documents filed with the applicable Canadian securities regulatory authorities from time to time.

Prospective purchasers are advised to consult their own tax advisors regarding the application of Canadian federal income tax laws to their particular circumstances, as well as any other provincial, territorial, foreign and other tax consequences of acquiring, holding or disposing of the Units, including the Canadian federal income tax consequences applicable to a foreign controlled Canadian corporation that acquires the Units. See “Eligibility for Investment” and “Certain Canadian Federal Income Tax Considerations”.

The principal and head office of the Company is located at 10 King Street East, Suite 600, Toronto, Ontario, Canada, M5C 1C3 and the registered office of the Company is located at 35 Nixon Road, Unit 1, Bolton, Ontario, L7E 1K1.

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ABOUT THIS PROSPECTUS

A prospective purchaser of Units should read this entire Prospectus, including the documents incorporated herein by reference, and consult its own professional advisors to assess the income tax, legal, risks and other aspects of its investment in the Units. A prospective purchaser of Units should rely only on the information contained in this Prospectus. The Company and the Underwriter have not authorized anyone to provide prospective purchasers of Units with additional or different information. The Company and the Underwriter take no responsibility for, and can provide no assurance as to the reliability of, any other information that others may provide prospective purchasers. The Units may be sold only in those jurisdictions where offers and sales are permitted. This Prospectus is not an offer to sell or a solicitation of an offer to buy the Units in any jurisdiction where it is unlawful. The information contained in this Prospectus is accurate only as of the date of this Prospectus, regardless of the time of delivery of this Prospectus or any sale of the Units. The Company's business, financial condition, results of operations and prospects may have changed since the date of this Prospectus.

For investors outside Canada, neither the Company nor the Underwriter has done anything that would permit the direct or indirect offer, sale or delivery of any Units or the delivery of this Prospectus to any person in any jurisdiction outside of Canada, except in a manner which will not require the Company to comply with the registration, prospectus, continuous disclosure or other similar requirements under the applicable securities laws of such other jurisdiction or would otherwise require the Company to appoint an agent for service in such other jurisdiction. Investors are required to inform themselves about, and to observe any restrictions relating to, the Offering and the possession or distribution of this Prospectus.

This Prospectus, including the documents incorporated by reference herein, contains company names, product names, trade names, trademarks and service marks of the Company and other organizations, all of which are the property of their respective owners.

Interpretation

Unless otherwise noted or the context otherwise requires, the "Company" or "Medexus" refers to Medexus Pharmaceuticals Inc. together with its subsidiaries.

Unless the context otherwise requires, when used herein, all references to "Offering", "Units", "Unit Shares", "Warrants" and "Warrant Shares", as applicable, assume the exercise of the Over-Allotment Option and includes the Over-Allotment Units and the Over-Allotment Common Shares and Over-Allotment Warrants comprising such Over-Allotment Units and the additional Warrant Shares issuable upon exercise of such Over-Allotment Warrants.

Unless otherwise indicated, all financial information included or incorporated by reference in this Prospectus and the documents incorporated by reference herein and therein has been prepared in accordance with International Financial Reporting Standards, as issued by the International Accounting Standards Board, and as set out in Part I of the Handbook of the Chartered Professional Accountants of Canada.

EXCHANGE RATE INFORMATION

All references to "C\$", "\$", or "Canadian dollars" included in this Prospectus refer to Canadian dollar values. All references to "US\$" or "United States dollars" are used to indicate United States dollar values.

The following table sets forth, for each of the periods indicated, the high, low, average and period end daily average rates of exchange for one United States dollar, expressed in Canadian dollars, published by the Bank of Canada.

	Year ended December 31, 2021 (\$)	Year ended December 31, 2022 (\$)	Six months ended June 30, 2022 (\$)	Six months ended June 30, 2023 (\$)
High.....	1.2942	1.3856	1.3039	1.3807
Low.....	1.2040	1.2451	1.2451	1.3151
Average.....	1.2535	1.3011	1.2715	1.3477
Period End.....	1.2678	1.3544	1.2886	1.3240

The rate of exchange reported by the Bank of Canada for conversion of United States dollars into Canadian dollars on September 29, 2023, the final full trading day before the date of this Prospectus, was US\$1.00 = \$1.3520. The Company makes no representation that Canadian dollars could be converted into United States dollars at that rate or any other rate.

FORWARD-LOOKING STATEMENTS

Certain statements made in this Prospectus, including the documents incorporated by reference herein, contain forward-looking information within the meaning of applicable securities laws (“**forward-looking statements**”). Such forward-looking statements include statements that express or involve discussions as to expectations, beliefs, plans, objectives, assumptions, or future events or performance, and which are not historical facts. Forward-looking statements are often, but not always, indicated by words or phrases such as “anticipates”, “believes”, “budget”, “could”, “estimates”, “expects”, “forecasts”, “goals”, “intends”, “may”, “might”, “objective”, “outlook”, “plans”, “projects”, “schedule”, “should”, “will”, “would”, and “vision”, including negative and grammatical variations thereof. All forward-looking statements in this Prospectus are expressly qualified by the cautionary statements in this section. Specific forward-looking statements in this Prospectus include, but are not limited to: statements relating to expected use of proceeds of the Offering, completion and timing of the Offering, the listing on the TSX of the Unit Shares, the Warrant Shares and the Compensation Option Shares, the ability of the Company to obtain TSX and regulatory approvals, the Company’s expectations regarding the US Treosulfan Agreement (as defined herein) and the expected benefit to the Company associated therewith, the Company’s expectations regarding growth, the Company’s expected use of proceeds from the Company’s US\$18 million term loan commitment provided by a Canadian Schedule I chartered bank and the Company’s expectations regarding projected cash from operations.

The forward-looking statements and information included in this Prospectus are based on certain key expectations and assumptions made by the Company and although the Company believes that such expectations and assumptions are reasonable, undue reliance should not be placed on the forward-looking statements and information because the Company can give no assurance that they will prove to be correct. Since forward-looking statements and information address future events and conditions, by their very nature they involve inherent risks and uncertainties. Actual results could differ materially from those currently anticipated due to a number of factors and risks. Factors and risks which could cause actual results or events to differ materially from those expressed in its forward-looking statements are discussed herein under the heading “Risk Factors”, under the heading “Risk Factors” in the Company’s Annual Information Form and under the heading “Risk Factors and Risk Management” in the MD&A, and elsewhere in the Company’s other disclosure documents filed with the applicable Canadian securities regulatory authorities from time to time.

Unless otherwise noted, any forward-looking statement speaks only as of the date of this Prospectus, and, except as required by applicable law, the Company does not undertake any obligation to update any forward-looking statement to reflect events or circumstances after the date on which such statement is made or to reflect the occurrence of unanticipated events. New factors emerge from time to time, and it is not possible for management to predict all such factors and to assess in advance the impact of each such factor on the business of the Company, or the extent to which any factor or combination of factors may cause actual results to differ materially from those contained in any forward-looking statement. All forward-looking statements contained herein are expressly qualified by this cautionary statement.

The risk factors discussed herein or incorporated by reference herein are not an exhaustive list of the factors that may affect the forward-looking statements in this Prospectus. Investors and others should carefully consider risk factors and not place undue reliance on the forward-looking information and statements. Further information regarding these factors are discussed in this Prospectus under the heading “Risk Factors” in this Prospectus, under the heading “Risk Factors” in the Company’s Annual Information Form and under the heading “Risk Factors and Risk Management” in the MD&A, and elsewhere in the Company’s other disclosure documents filed with the applicable Canadian securities regulatory authorities from time to time. The forward-looking statements contained in this Prospectus are made as of the date hereof and Medexus undertakes no obligation to update publicly or revise any forward-looking statements, whether as a result of new information, future events or otherwise, except as required by applicable securities laws.

All of the forward-looking statements and information contained in this Prospectus or the documents incorporated by reference herein is expressly qualified by the foregoing cautionary statements.

MARKET AND INDUSTRY DATA

Market and industry data presented throughout this Prospectus, including the documents incorporated by reference herein, was obtained from third party sources, industry reports, journals, studies and publications (including industry surveys and forecasts), websites and other publicly available information, including but not limited to: Bloomberg; public filings made with the United States Securities and Exchange Commission and other securities regulatory authorities; reports prepared by IQVIA; and data prepared by Symphony Health Solutions; as well as data from the Company’s own internal research, and include assumptions made by the Company which the Company believes to be appropriate and reasonable, based on the Company’s knowledge of the Canadian and United States pharmaceutical markets and economy. Although the Company believes the third party sources used by the Company to be reliable, neither the Company nor the Underwriter has independently verified any of the data from third party sources referred to in this Prospectus or the documents incorporated by reference herein, analyzed or verified the underlying studies or surveys relied upon or referred to by such sources, or ascertained the underlying industry, market, economic and other assumptions relied upon by such sources. While the Company believes the market information and other estimates included in this Prospectus to be generally reliable, such information and estimates are inherently imprecise. In addition, projections, assumptions and estimates of the Company’s future performance or the future performance of the industry and markets in which the Company operates are necessarily subject to a high degree of uncertainty and cannot be verified due to a variety of factors, including limits on the availability and reliability of data inputs and other limitations and uncertainties. See “Risk Factors” in this Prospectus, “Risk Factors” in the Annual Information Form and under the heading “Risk Factors and Risk Management” in the MD&A, and elsewhere in the Company’s other disclosure documents filed with the applicable Canadian securities regulatory authorities from time to time.

DOCUMENTS INCORPORATED BY REFERENCE

The following documents filed with the securities commission or similar authority in each of the provinces of Canada, other than Québec, are specifically incorporated by reference in, and form an integral part of, this Prospectus, provided that such documents are not incorporated by reference to the extent that their contents are modified or superseded by a statement contained in this Prospectus or in any other subsequently filed document that is also incorporated by reference in this Prospectus:

- (a) the audited consolidated financial statements of the Company for the financial years ended March 31, 2023 and March 31, 2022, together with the notes thereto together and the report of the independent auditors thereon (the “**Annual Financial Statements**”);
- (b) management’s discussion and analysis of the Company dated June 21, 2023, in respect of the Annual Financial Statements (the “**MD&A**”);
- (c) the management information circular of the Company filed on August 22, 2023 with respect to the annual meeting of shareholders of the Company held on September 21, 2023 (the “**2023 AGM**”);

- (d) the Company’s annual information form dated June 21, 2023 for the financial year ended March 31, 2023 (the “**Annual Information Form**”);
- (e) the unaudited condensed interim consolidated financial statements of the Company for the three months ended June 30, 2023 and June 30, 2022 (the “**Interim Financial Statements**”);
- (f) management’s discussion and analysis of the Company dated August 9, 2023 in respect of the Interim Financial Statements (the “**Interim MD&A**”); and
- (g) the template version of the term sheet for the Offering dated September 5, 2023 (the “**Marketing Materials**”).

Any documents of the type described in Section 11.1 of Form 44-101F1 — *Short Form Prospectus* filed by the Company with the various securities commissions or similar authorities in each of the provinces of Canada, other than Québec, pursuant to the requirements of applicable securities legislation after the date of this Prospectus and prior to the termination of the distribution of the Units under this Prospectus are deemed to be incorporated by reference in this Prospectus.

Any statement contained in this Prospectus or in a document incorporated or deemed to be incorporated by reference herein will be deemed to be modified or superseded for the purposes of this Prospectus to the extent that a statement contained herein, or in any other subsequently filed document which also is or is deemed to be incorporated by reference herein, modifies or supersedes that prior statement. The modifying or superseding statement need not state that it has modified or superseded a prior statement or include any other information set out in the document or statement that it modifies or supersedes. Any statement so modified or superseded will not be deemed, except as so modified or superseded, to constitute a part of this Prospectus. The making of a modifying or superseding statement will not be deemed an admission for any purposes that the modified or superseded statement, when made, constituted a misrepresentation, an untrue statement of a material fact or an omission to state a material fact that is required to be stated or that is necessary to make a statement not misleading in light of the circumstances in which it was made.

MARKETING MATERIALS

The Marketing Materials are not part of this Prospectus to the extent that the contents of the Marketing Materials have been modified or superseded by a statement contained in this Prospectus or any amendment hereto. The Company has prepared the Marketing Materials, and it can be viewed under the Company’s SEDAR+ profile at www.sedarplus.com. Any “template version” of “marketing materials” (each as defined in National Instrument 41-101 – *General Prospectus Requirements*) filed with the securities commission or similar authority in each of the provinces of Canada, other than Québec, in connection with the Offering after the date hereof but prior to the termination of the distribution of the Units under this Prospectus (including any amendments to, or an amended version of, any marketing materials) is deemed to be incorporated by reference herein.

ELIGIBILITY FOR INVESTMENT

In the opinion of Blake, Cassels & Graydon LLP, counsel to the Company, and Fasken Martineau DuMoulin LLP, counsel to the Underwriter, based on the current provisions of the *Income Tax Act* (Canada) and the regulations thereunder (together, the “**Tax Act**”), the Unit Shares, Warrants and Warrant Shares, if issued on the date hereof, would be, on such date, “qualified investments” under the Tax Act for a trust governed by a registered retirement savings plan (“**RRSP**”), registered retirement income fund (“**RRIF**”), registered education savings plan (“**RESP**”), deferred profit sharing plan (“**DPSP**”), registered disability savings plan (“**RDSP**”), tax-free savings account (“**TFSA**”), or a first time home savings account (“**FHSA**” and, along with an RRSP, RRIF, RESP, DPSP, RDSP, or TFSA a “**Plan**”), provided that (i) in the case of the Unit Shares and Warrant Shares, such Unit Shares or Warrant Shares are listed on a “designated stock exchange” as defined in the Tax Act (which includes the TSX), and (ii) in the case of the Warrants, (a) the Warrant Shares are listed on a “designated stock exchange” as defined in the Tax Act, and (b) the Company is not, and deals at arm’s length with each person who is, an annuitant, a beneficiary, an employer or a subscriber under or a holder of the Plan.

Notwithstanding that a Unit Share, Warrant or Warrant Share may be a qualified investment for trusts governed by Plans, if the Unit Share, Warrant or Warrant Share is a “prohibited investment” (as defined in the Tax Act) for a TFSA, FHSA, RDSP, RRSP, RRIF, or RESP, then a holder of the TFSA, FHSA or RDSP, an annuitant under the RRSP or RRIF or a subscriber of the RESP will be subject to a penalty tax if the Unit Share, Warrant or Warrant Share, as applicable, is held by a trust governed by such Plan. A Unit Share, Warrant or Warrant Share will be a prohibited investment for a TFSA, FHSA, RDSP, RESP, RRSP, or RRIF if the holder, subscriber, or annuitant, as applicable, does not deal at arm’s length with the Company for the purposes of the Tax Act or has a “significant interest” (as defined in the Tax Act) in the Company. However, a Unit Share or Warrant Share will not be a “prohibited investment” if such securities are “excluded property” (as defined in the Tax Act) for trusts governed by such Plan.

Annuitants, holders, and subscribers of such Plans should consult their own tax advisors to ensure that Unit Shares, Warrants and Warrant Shares would not be prohibited investments in their particular circumstances.

THE COMPANY

The Company is a leading specialty pharmaceutical company with a strong North American commercial platform and a growing portfolio of innovative and rare disease treatment solutions. The Company’s experienced management team has a long and proven track record of successfully sourcing, developing, and commercializing pharmaceutical products in a variety of therapeutic areas during the stages of a product’s life cycle throughout the United States and Canada. The Company’s current focus is on the therapeutic areas of oncology, hematology, rheumatology, auto-immune diseases, allergy and dermatology. Medexus continues to build a highly differentiated company with a growing portfolio of innovative high-value orphan drug and rare disease products that are planned to underpin the Company’s future growth.

The Company’s current leading products are IXINITY, an intravenous recombinant factor IX therapeutic for use in patients 12 years of age or older with hemophilia B, a hereditary bleeding disorder characterized by a deficiency of clotting factor IX in the blood which is necessary to control bleeding; Rasuvo (US) and Metoject (Canada), a unique formulation of methotrexate (auto-pen and pre-filled syringe) designed to treat rheumatoid arthritis and other auto-immune diseases; Rupall, an innovative prescription allergy medication with a unique mode of action; and Gleolan (aminolevulinic acid hydrochloride or ALA HCl), an optical imaging agent currently indicated in patients with glioma (suspected World Health Organization Grades III or IV on preoperative imaging) as an adjunct for the visualization of malignant tissue during surgery.

The Company also actively pursues opportunities to complement its existing product portfolio by licensing and acquiring new products. For example, in 2021, Medexus acquired exclusive US and Canadian rights to commercialize treosulfan. Treosulfan is part of a preparative regimen for allogeneic hematopoietic stem cell transplantation, or allo-HSCT, to be used in combination with fludarabine, used in treating eligible patients with acute myeloid leukemia, or AML, and myelodysplastic syndromes, or MDS. Treosulfan is approved by Health Canada, and remains the subject of an ongoing regulatory review process with the United States’ Food and Drug Administration (the “FDA”), and is orphan drug designated in the United States. Most recently, in March 2023, Medexus secured exclusive Canadian rights to commercialize terbinafine hydrochloride nail lacquer supplied by Polichem, an Almirall group company focused on medical dermatological treatments for skin health.

Further information regarding the Company and its business is set out in the Annual Information Form, which is incorporated herein by reference.

RECENT DEVELOPMENTS

Accordion Facility

On September 5, 2023, Medexus entered into an amendment to the Company’s senior secured credit agreement (the “**Credit Agreement**”) agented by a Canadian Schedule I chartered bank. The amendment provides for a US\$18 million increase (“**Accordion Upsize**”) in the term loan commitment under the existing facility’s previously disclosed accordion feature, among other amendments. Medexus has agreed to apply the full US\$18 million from the

Accordion Upsize, net of any transaction expenses, together with projected cash-on hand, toward repayment of the Company's convertible debentures (the "**Convertible Debentures**") upon their maturity on October 16, 2023. As of the date hereof, Medexus has not yet drawn down the additional principal amount of the Accordion Upsize.

Repayment of Convertible Debentures

At the maturity of the Convertible Debentures, Medexus will be obligated to pay to holders of outstanding Convertible Debentures (1) 125% of the remaining principal amount of the outstanding Convertible Debentures plus (2) all interest accrued on the outstanding Convertible Debentures from March 31, 2023 to the maturity date (together, the "**Maturity Date Payment**"). Under the indenture governing the Convertible Debentures, Medexus had an option to satisfy the Maturity Date Payment, or a portion thereof, in Common Shares; however, Medexus has chosen not to exercise that option, and to satisfy 100% of such payments in cash. As of the date of this Prospectus, there are \$39.8 million of Convertible Debentures outstanding. Assuming no conversions prior to the maturity date of the Convertible Debentures, the Maturity Date Payment will be \$51.1 million. In order to satisfy the Maturity Date Payment on October 16, 2023, the Company intends to fully draw down on the Accordion Upsize and to fund the remainder (approximately \$26.8, assuming the Bank of Canada exchange rate on September 29, 2023) with projected cash on hand.

As at August 31, 2023, the Company had cash and cash equivalents of US\$11.2 million (or \$15.1 million, based on the Bank of Canada exchange rate on September 29, 2023). Excluding the expected proceeds from the Offering, the Company forecasts that it will have approximately US\$21 million (or \$28.4 million, based on the Bank of Canada exchange rate on September 29, 2023) in cash and cash equivalents on October 16, 2023, plus the US\$18 million (or \$24.3 million, based on the Bank of Canada exchange rate on September 29, 2023) principal amount available under the Accordion Upsize, which together the Company expects will be sufficient to fund the Maturity Date Payment. This forecast is dependent on certain assumptions, including assumptions about the timely receipt of receivables owed to the Company during the applicable period. In the event that, at the time of maturity, the Company has less cash on hand than it currently expects, the Company may choose to use a portion of the Offering proceeds to satisfy a portion of the Maturity Date Payment. See "*Use of Proceeds*".

US Treosulfan Agreement

In February 2021, Medexus entered into an exclusive license with medac GmbH ("**medac**") relating to treosulfan (the "**US Treosulfan Agreement**"). Under the US Treosulfan Agreement, Medexus holds the exclusive right to commercialize treosulfan in the United States, subject to approval from the FDA. As disclosed elsewhere in the documents incorporated by reference in this Prospectus, the process for obtaining FDA approval has been delayed beyond the agreed outside date for FDA approval set out in the US Treosulfan Agreement as previously amended. In light of such delay, on September 26, 2023, the parties entered into an amendment to the US Treosulfan Agreement (the "**Third Amendment**"). Among other things, the Third Amendment extends the agreed outside date for FDA approval to reflect the current status of the FDA regulatory review process, and provides that, if and when the FDA accepts medac's resubmission of its new drug application for treosulfan, the parties will then discuss any adjustments to the value of unpaid regulatory and sales-based milestone payments that the parties may agree are appropriate in the then-prevailing circumstances. For further information see "*Risk Factors – Risks Relating to the Company*".

2023 AGM Results

On September 21, 2023, Medexus announced that each of management's nominees for election as a director at the 2023 AGM were elected and that all other matters put to a vote at the 2023 AGM were approved with the requisite majorities.

CONSOLIDATED CAPITALIZATION

As of June 30, 2023, the date of the Company's most recently-filed financial statements, there were 20,281,205 Common Shares, 2,233,918 common share purchase warrants, and an aggregate principal amount of C\$41.5 million in Convertible Debentures issued and outstanding. Upon completion of the Offering (without giving effect to the Q2 Changes (as defined below), or the issuance of Common Shares issuable pursuant to any current

outstanding equity awards or convertible securities of the Company, including the Warrants and Compensation Options to be issued in the Offering), there would be an aggregate of 23,671,105 Common Shares issued and outstanding (or 24,179,590 Common Shares if the Over-Allotment Option is exercised in full for Over-Allotment Units).

There have been no material changes to the Company's share and loan capitalization on a consolidated basis since June 30, 2023 except (1) the July 2023 issuance of an aggregate of 132,299 Common Shares upon the exercise of certain common share purchase warrants held by the Company's previous senior secured lender, (2) the August 2023 issuance of an aggregate of 71,235 Common Shares and the September 2023 issuance of an aggregate of 75,090 Common Shares in each case upon settlement of share units under the Company's equity incentive plans, (3) the July 2023 repurchase and cancellation of C\$1.7 million principal amount of Convertible Debentures under the Company's normal course issuer bid for its Convertible Debentures, and (4) the July 2023 repayment of US\$437,500 and the October 2023 repayment of US\$437,500 in accordance with the terms of the Credit Agreement (such changes collectively the "Q2 Changes").

The following table sets forth the consolidated capitalization of Medexus as at June 30, 2023 (i) on an actual basis before giving effect to the Q2 Changes and the Offering, (ii) on a pro forma basis as adjusted to give effect to the Q2 Changes and the Offering (assuming no exercise of the Over-Allotment Option), and (iii) on a pro forma basis as adjusted to give effect to the Q2 Changes and the Offering (assuming exercise in full of the Over-Allotment Option for Over-Allotment Units). This table is presented and should be read in conjunction with the Interim Financial Statements and the Interim MD&A.

	As at June 30, 2023 before giving effect to the Q2 Changes and the Offering (in thousands)	As at June 30, 2023 after giving effect to the Q2 Changes and the Offering ⁽¹⁾⁽³⁾ (in thousands)	As at June 30, 2023 after giving effect to the Q2 Changes and the Offering (assuming exercise of the Over-Allotment Option in Full (for Units)) ⁽²⁾⁽³⁾ (in thousands)
Consolidated Capitalization			
Cash and Cash Equivalents	US\$15,782	US\$20,471	US\$21,514
Indebtedness⁽⁴⁾	US\$72,998	US\$70,734	US\$70,734
Shareholders' Equity	US\$22,727	US\$29,680	US\$30,723
Total capitalization	US\$95,725	US\$100,414	US\$101,457

Notes:

- (1) Gives effect to the issuance of 3,389,900 Units at \$2.95 per Unit after deducting the Underwriter's Fee of approximately \$600,012 and before deducting expenses of the Offering.
- (2) Gives effect to the issuance of 3,898,385 Units at \$2.95 per Unit after deducting the Underwriter's Fee of approximately \$690,014 and before deducting expenses of the Offering.
- (3) Amounts denominated in Canadian dollars converted into United States dollars at US\$1.00 = \$1.3520, being the rate of exchange reported by the Bank of Canada for such conversions on September 29, 2023, the final full trading day before the date of this Prospectus.
- (4) Indebtedness is comprised of (i) long-term debt, including the current portion thereof, and (ii) the Convertible Debentures. The values shown in the table above do not account for any change in the accounting value of liabilities associated with the Convertible Debentures since June 30, 2023.

PLAN OF DISTRIBUTION

Pursuant to the terms and conditions of the Underwriting Agreement, the Company has agreed to issue and sell and the Underwriter has agreed to purchase on the Closing Date, subject to the approval of certain legal matters

on the Company's behalf by its counsel Blake, Cassels & Graydon LLP and on behalf of the Underwriter by Fasken Martineau DuMoulin LLP, an aggregate of 3,389,900 Units at a purchase price of \$2.95 per Unit, payable in cash to the Company by the Underwriter against delivery of the Units for aggregate gross proceeds of approximately \$10,000,205. The Offering Price was determined by arm's length negotiation between the Company and the Underwriter, with reference to the prevailing market price of the Common Shares on the TSX.

Assuming no exercise of the Over-Allotment Option, the total price to the public, Underwriter's Fee and net proceeds to the Company (before deducting expenses of the Offering) will be approximately \$10,000,205.00, \$600,012.30 and \$9,400,192.70, respectively.

The Company has agreed to pay the Underwriter the Underwriter's Fee equal to 6.0% of the gross proceeds of the Offering, including pursuant to any exercise of the Over-Allotment Option. In addition, the Company has agreed to issue to the Underwriter, or as it may direct, that number of Compensation Options as is equal to 6.0% of the aggregate number of Units sold pursuant to the Offering, including any Over-Allotment Units issued pursuant to the exercise of the Over-Allotment Option. Each Compensation Option will be exercisable for a period of 30 months following the Closing Date for one Common Share at an exercise price equal to the Offering Price. This Prospectus also qualifies the distribution of the Compensation Options.

Assuming the Over-Allotment Option is not exercised, a total of 203,394 Compensation Options will be issued to the Underwriter. In the event that the Over-Allotment Option is exercised in full, a total of 233,903 Compensation Options will be issued to the Underwriter in connection with the Offering.

The Company has granted to the Underwriter an Over-Allotment Option, exercisable in whole or in part in the discretion of the Underwriter, at any time and from time to time, prior to the date that is 30 days following the Closing Date, to purchase up to an additional 508,484 Over-Allotment Units and/or up to 508,484 Over-Allotment Common Shares and/or up to 254,242 Over-Allotment Warrants, to cover the Underwriter's over-allocation position, if any, and for market stabilization purposes. The Over-Allotment Option may be exercised by the Underwriter to acquire: (a) Over-Allotment Units at the Offering Price; (b) Over-Allotment Common Shares at a price of \$2.7299 per Over-Allotment Common Share; (c) Over-Allotment Warrants at a price of \$0.4402 per Over-Allotment Warrant; or (d) any combination of Over-Allotment Units, Over-Allotment Common Shares and Over-Allotment Warrants, so long as the aggregate number of Over-Allotment Common Shares and Over-Allotment Warrants which may be issued under the Over-Allotment Option does not exceed 508,484 Over-Allotment Common Shares and 254,242 Over-Allotment Warrants.

If the Over-Allotment Option is exercised in full (for Over-Allotment Units), the total price to the public, Underwriter's Fee and net proceeds to the Company (before deducting expenses of the Offering) will be approximately \$11,500,232.80, \$690,013.97 and \$10,810,218.83, respectively.

This Prospectus qualifies the grant of the Over-Allotment Option and the distribution of the Over-Allotment Units and/or Over-Allotment Warrants and/or Over-Allotment Common Shares issuable upon exercise of the Over-Allotment Option. A purchaser who acquires securities forming part of the Underwriter's over-allocation position acquires those securities under this Prospectus regardless of whether the Underwriter's over-allocation position is ultimately filled through the exercise of the Over-Allotment Option or secondary market purchases.

The Underwriter proposes to offer the Units initially at the Offering Price. After a reasonable effort has been made to sell all of the Units at the Offering Price, the Underwriter may subsequently reduce the selling price to investors from time to time in order to sell any of the Units remaining unsold. Any such reduction will not affect the proceeds received by the Company.

Subject to certain closing conditions, the obligations of the Underwriter under the Underwriting Agreement may be terminated at the Underwriter's discretion on the basis of "disaster out", "material adverse change out", "regulatory proceedings out" (including, for greater certainty, the cease trading or suspension of trading of the Common Shares) and "breach out" provisions in the Underwriting Agreement and may also be terminated upon the occurrence of certain other stated events. The Company has agreed, pursuant to the Underwriting Agreement, to indemnify the Underwriter and its respective subsidiaries and affiliates and its respective directors, officers, employees, shareholders and agents against certain liabilities, including liabilities under Canadian securities

legislation in certain circumstances or to contribute to payments the Underwriter may have to make because of such liabilities.

The TSX has conditionally approved the listing of the Common Shares, the Warrant Shares and the Compensation Option Shares on the TSX. Listing will be subject to the Company fulfilling all of the requirements of the TSX. **There is no market through which the Warrants may be sold and purchasers may not be able to resell the Warrants purchased under this Prospectus. This may affect the pricing of the Warrants in the secondary market, the transparency and availability of trading prices, the liquidity of the Warrants, and the extent of issuer regulation. See “Risk Factors”.**

The Units will be offered in each of the provinces of Canada, other than Québec, through the Underwriter or such other registered dealers as may be designated by the Underwriter. Subject to applicable laws, the Underwriter may offer the Units to, or for the account or benefit of, persons in jurisdictions outside of Canada as may be agreed to between the Company and the Underwriter, in each case in accordance with applicable laws provided that no prospectus, registration statement or similar document is required to be filed in any such jurisdiction.

Under the Underwriting Agreement, the Company has agreed that it will not, without the prior written consent of the Underwriter, such consent not to be unreasonably withheld or delayed, issue, pledge, sell, or contract to sell (or agree or announce any such agreement to issue or sell), directly or indirectly, any Common Shares or other securities convertible into or exchangeable for Common Shares for the period up to and including 90 days after the Closing Date (the “**Lock-Up Period**”), other than: (i) pursuant to the terms of the Underwriting Agreement; (ii) pursuant to the grant of options in the normal course pursuant to the Company’s omnibus equity incentive plan or issuance of securities in connection with the conversion, exchange, exercise or redemption of rights, as they case may be, of awards or outstanding securities of the Company outstanding on the date hereof; (iii) pursuant to obligations in respect of existing agreements; or (iv) an issuance of options or securities in connection with a bona fide acquisition by the Company (other than a direct or indirect acquisition, whether by way of one or more transactions, of an entity all or substantially all of the assets of which are cash, marketable securities or financial in nature or an acquisition that is structured primarily to defeat the intent of such provision).

In addition, each of the Company’s directors, senior officers and insiders will agree (each, a “**Locked-Up Person**”), in a lock-up agreement to be executed on or prior to the Closing Date, that during the Lock-Up Period, without the consent of the Underwriter, such consent not to be unreasonably withheld or delayed, that they will not, directly or indirectly, offer, sell, contract to sell, grant or sell any option to purchase, hypothecate, pledge, transfer, assign, purchase any option or contract to sell, lend, swap, or enter into any other agreement to transfer the economic consequences of, or otherwise dispose of or deal with, or publicly announce any intention to offer, sell, contract to sell, grant or sell any option to purchase, hypothecate, pledge, transfer, assign, purchase any option or contract to sell, lend, swap or enter into any agreement to transfer the economic consequences of, or otherwise dispose of or deal with, whether through the facilities of a stock exchange, by private placement or otherwise, any Common Shares or other securities of the Company convertible into, exchangeable for or exercisable to acquire, Common Shares, directly or indirectly, except that such restrictions shall not apply to: (a) transfers among affiliates of the undersigned, or to any company, trust or other entity owned by or maintained for the benefit of the undersigned, for tax or other planning purposes; (b) transfers occurring by operation of law or in connection with transactions as a result of the death of the undersigned, provided that in each of (a) and (b) above, that any such transferee shall first execute a lock-up agreement with the Underwriter for the remainder of the Lock-Up Period; (c) a tender or sale by a shareholder in or pursuant to a take-over bid or similar transaction involving a change of control of the Company; (d) the exercise, conversion or settlement (including at maturity) of previously issued warrants, options, rights, share compensation arrangements or other convertible securities; or (e) in respect of existing agreements regarding the pledging of the applicable securities. The Company shall also use its reasonable efforts to obtain a substantially similar undertaking from any shareholders who are expected to own at least 5% of the Common Shares pro-forma the Offering.

Each Unit will consist of one Unit Share and one-half of one Warrant. Each Warrant will entitle the holder thereof to acquire, subject to adjustment in certain circumstances, one Warrant Share at an exercise price equal to \$3.65 until 5:00 p.m. (Eastern time) on the date that is 30 months from the Closing Date, after which time the Warrants will be void and of no value. This Prospectus qualifies the distribution of the Units including the Unit Shares and Warrants comprising the Units.

The Warrants will be created and issued pursuant to the terms of the Warrant Indenture. The Warrant Indenture will contain provisions designed to protect holders of the Warrants against dilution upon the happening of certain events.

Subscriptions for the Units will be received subject to rejection or allotment in whole or in part and the right is reserved to close the subscription books at any time without notice. Unless otherwise agreed between the Company and a purchaser of Units, the Units will be issued as non-certificated book-entry securities through CDS or its nominee. Consequently, purchasers of the Units will receive only a customer confirmation from the Underwriter or other registered dealer who is a CDS Participant from or through which the Units are purchased and no certificate evidencing the Unit Shares or the Warrants will be issued. Registration will be made through the depository services of CDS.

Subscriptions will be received subject to rejection or allocation in whole or in part and the Underwriter reserves the right to close the subscription books at any time without notice. Closing of the Offering is expected to occur on or about October 5, 2023 or such other date as may be agreed to by the Company and the Underwriter; provided that the Units are to be taken up by the Underwriter on or before the date that is not later than 42 days after the receipt for the final short form prospectus relating to the Offering.

In accordance with rules and policy statements of certain Canadian securities regulators, the Underwriter may not, at any time during the period of distribution, bid for or purchase Common Shares. The foregoing restriction is, however, subject to exceptions where the bid or purchase is not made for the purpose of creating actual or apparent active trading in, or raising the price of, the Common Shares. These exceptions include a bid or purchase permitted under the by-laws and rules of applicable regulatory authorities and the TSX, including the Universal Market Integrity Rules for Canadian Marketplaces, relating to market stabilization and passive market making activities and a bid or purchase made for and on behalf of a customer where the order was not solicited during the period of distribution. The Underwriter may, in connection with the Offering, over-allot or effect transactions that are intended to stabilize or maintain the market price of the Common Shares at levels other than those which otherwise might prevail in the open market. As a result of these activities, the price of the Common Shares may be higher than the price that otherwise might exist in the open market. If these activities are commenced, they may be discontinued by the Underwriter at any time. The Underwriter may carry out these transactions on the TSX, in the over-the-counter market or otherwise.

The Units, the Units Shares and the Warrants comprising the Units, and the Warrant Shares issuable upon exercise of the Warrants, have not been and will not be registered under the U.S. Securities Act or any U.S. state securities laws, and the Units, the Unit Shares and the Warrants may not be offered, sold or delivered, directly or indirectly, to, or for the account or benefit of, persons in the United States or U.S. Persons, except with the written consent of the Company in its sole discretion pursuant to exemptions from the registration requirements of the U.S. Securities Act and the applicable laws of any state of the United States in the manner to be agreed to between the Company and the Underwriter, each acting reasonably.

USE OF PROCEEDS

Assuming no exercise of the Over-Allotment Option, the net proceeds to the Company from the Offering, after deducting the Underwriter's Fee and before deducting the expenses of the Offering (estimated to be approximately \$600,000), will be approximately \$9,400,192.70. Assuming exercise in full of the Over-Allotment Option (for Units), the net proceeds to the Company from the Offering, after deducting the Underwriter's Fee and before deducting the expenses of the Offering (estimated to be approximately \$600,000), will be approximately \$10,810,218.83.

The Company expects that the net proceeds of the Offering will be used for working capital and general corporate purposes, which may include funding the Company's ongoing business development activities and initiatives. The Company regularly evaluates various potential transaction opportunities and does not currently have any arrangements or commitments to proceed with any particular transaction.

The Company intends to spend the funds available as stated in this Prospectus. However, there may be circumstances where, for sound business reasons, a reallocation of funds may be deemed prudent or necessary. In particular, the Company's Convertible Debentures are set to mature on October 16, 2023 and the Company has elected to satisfy the Maturity Date Payment in cash. The Company's ability to settle the Convertible Debentures in cash at

their maturity will depend, in part, on availability of cash on hand, including funds generated by the Company's operations through the maturity date, together with the US\$18 million principal amount of the Accordion Upsize. In the event that, at the time of maturity, the Company has less cash on hand than it currently expects, it may choose to use a portion of the proceeds of the Offering to satisfy the Maturity Date Payment. See "*Recent Developments*" and "*Risks Relating to the Offering – Use of Proceeds*".

DESCRIPTION OF SECURITIES BEING DISTRIBUTED

The Offering

The Offering consists of Units, each of which is comprised of one Unit Share and one-half of one Warrant. The Units will separate into Unit Shares and Warrants after issuance. This Prospectus qualifies the distribution of the Units, including the Over-Allotment Units, the Over-Allotment Common Shares and the Over-Allotment Warrants, the distribution of the Compensation Options and the grant of the Over-Allotment Option.

Description of Common Shares

Each Common Share entitles the holder to one vote per share. The holders of Common Shares are entitled to receive notice of meetings of shareholders of Medexus and to vote at such meeting. The holders of the Common Shares are entitled to receive, as and when declared by the board of directors of the Company (the "**Board**"), dividends in such amounts as shall be determined by the Board. The holders of Common Shares have the right to receive the remaining property of Medexus in the event of liquidation, dissolution or winding-up of Medexus, whether voluntary or involuntary.

Description of Warrants

The Warrants will be governed by the terms of the Warrant Indenture. The following summary of certain anticipated provisions of the Warrant Indenture does not purport to be complete and is subject in its entirety to the detailed provisions of the Warrant Indenture. Reference is made to the Warrant Indenture for the full text of the attributes of the Warrants which will be filed by the Company under its corporate profile on SEDAR+ at www.sedarplus.com following the closing of the Offering. A register of holders will be maintained at the principal offices of the Warrant Agent in Toronto, Ontario.

The Unit Shares and the Warrants comprising the Units will immediately separate upon issuance on the closing of the Offering. Each Warrant will entitle the holder to acquire, subject to adjustment in certain circumstances, one Warrant Share at an exercise price equal to \$3.65 until 5:00 p.m. (Eastern time) on the date that is 30 months from the Closing Date, subject to certain exceptions and the terms of the Warrants, after which time the Warrants will be void and of no value.

The Warrant Indenture will provide for adjustment in the number of Warrant Shares issuable upon the exercise of the Warrants and/or the exercise price per Warrant Share upon the occurrence of certain events, including:

- (i) the issuance of Common Shares or securities exchangeable or exercisable for or convertible into Common Shares to all or substantially all of the holders of the Common Shares as a stock dividend or other distribution (other than a distribution of Common Shares upon the exercise of Warrants);
- (ii) the subdivision, redivision or change of the Common Shares into a greater number of shares;
- (iii) the reduction, combination or consolidation of the Common Shares into a lesser number of shares;
- (iv) the issuance to all or substantially all of the holders of the Common Shares of rights, options or warrants under which such holders are entitled, during a period expiring not more than 45 days after the record date for such issuance, to subscribe for or purchase Common Shares, or securities exchangeable or exercisable for or convertible into Common Shares, at a price per share to the holder

(or at an exchange, exercise or conversion price per share) of less than 95% of the “current market price”, as defined in the Warrant Indenture, for the Common Shares on such record date; and

- (v) the issuance or distribution to all or substantially all of the holders of the Common Shares of shares of any class other than the Common Shares, rights, options or warrants to acquire Common Shares or securities exchangeable or exercisable for or convertible into Common Shares, of evidences of indebtedness, or any property or other assets.

The Warrant Indenture will also provide for adjustments in the class and/or number of securities issuable upon exercise of the Warrants and/or exercise price per security in the event of the following additional events: (a) reclassifications of the Common Shares or a capital reorganization of the Company (other than as described in clauses (ii) or (iii) above), (b) consolidations, amalgamations, arrangements, mergers or other business combination of the Company with or into another entity, or (c) any sale, lease, exchange or transfer of the undertaking or assets of the Company as an entirety or substantially as an entirety to another entity, in which case each holder of a Warrant which is thereafter exercised will receive, in lieu of Common Shares, the kind and number or amount of other securities or property which such holder would have been entitled to receive as a result of such event if such holder had exercised the Warrants prior to the event.

The Company will make certain customary covenants in the Warrant Indenture, including with respect to the maintenance of its corporate existence, stock exchange listing and reporting issuer status while the Warrant Indenture is in force. The Company will also covenant in the Warrant Indenture that, during the period in which the Warrants are exercisable, it will give notice to holders of Warrants of certain stated events, including events that would result in an adjustment to the exercise price for the Warrants or the number of Warrant Shares issuable upon exercise of the Warrants, at least 10 days prior to the record date or effective date, as the case may be, of such events. No fractional Common Shares will be issuable to any holder of Warrants upon the exercise thereof, and no cash or other consideration will be paid in lieu of fractional shares. The holding of Warrants will not make the holder thereof a shareholder of the Company or entitle such holder to any right or interest in respect of the Warrants except as expressly provided in the Warrant Indenture. Holders of Warrants will not have any voting or pre-emptive rights or any other rights of a holder of Common Shares.

The Warrant Indenture will provide that, from time to time, the Warrant Agent and the Company, without the consent of the holders of Warrants, may amend or supplement the Warrant Indenture for certain purposes, including rectifying any ambiguities, defective provisions, clerical omissions or mistakes, or other errors contained in the Warrant Indenture or in any deed or indenture supplemental or ancillary to the Warrant Indenture, provided that, in the opinion of the Warrant Agent, relying on counsel, the rights of the holders of Warrants are not prejudiced, as a group. Any amendment or supplement to the Warrant Indenture that is prejudicial to the interests of the holders of Warrants, as a group, will be subject to approval by an “Extraordinary Resolution”, which will be defined in the Warrant Indenture as a resolution either: (i) passed at a meeting of the holders of Warrants at which there are holders of Warrants present in person or represented by proxy representing at least 25% of the aggregate number of the then outstanding Warrants and passed by the affirmative vote of holders of Warrants representing not less than 66 2/3% of the aggregate number of all the then outstanding Warrants represented at the meeting and voted on the poll upon such resolution; or (ii) adopted by an instrument in writing signed by the holders of Warrants representing not less than 66 2/3% of the number of all of the then outstanding Warrants.

The principal transfer office of the Warrant Agent in Toronto, Ontario is the location at which Warrants may be surrendered for exercise or transfer.

Compensation Options

The Company has agreed to issue to the Underwriter, or as it may direct, that number of Compensation Options as is equal to 6.0% of the aggregate number of Units sold pursuant to the Offering, including pursuant to any exercise of the Over-Allotment Option. Each Compensation Option will entitle the holder thereof to purchase one Compensation Option Share at the Offering Price for a period of 30 months following the Closing Date. This Prospectus qualifies the distribution of the Compensation Options.

PRIOR SALES

The Company has not completed any sales or issuances of Common Shares, or securities convertible, exercisable or exchangeable into Common Shares, during the 12-month period preceding the date of this Prospectus, except as set out below:

- (a) on July 17, 2023, the Company issued 132,299 Common Shares to an affiliate of MidCap Financial Trust in connection with the exercise, on a cashless basis, of common share purchase warrants with an exercise price of \$1.02 issued in connection with the Company’s prior credit facilities;
- (b) during the 12-month period preceding the date of this Prospectus:
 - (i) the Company granted 126,078 stock options to employees and directors of the Company at a weighted average price of \$2.00 and no stock options were exercised; and
 - (ii) the Company granted 799,371 share units to employees and directors of the Company and 422,933 share units were settled for Common Shares, resulting in the issuance of an aggregate of 422,933 Common Shares from treasury.

TRADING PRICE AND VOLUME

The following table sets forth, for the periods indicated, price ranges and volume of trading of the Common Shares on the TSX under ticker symbol “TSX: MDP”.

	High (\$)	Low (\$)	Volume
2022			
September	2.56	0.88	2,103,387
October	1.5	0.94	546,417
November	2.5	1.48	852,853
December	2.24	1.8	312,644
2023			
January	2.2	1.8	479,146
February	2.05	1.23	738,478
March	1.83	1.16	675,186
April	1.7	1.25	340,380
May	1.5	1.17	425,663
June	1.86	1.12	991,581
July	2.25	1.78	910,128
August	3.53	2.08	1,442,415
September	3.47	2.69	855,756

(Source: Bloomberg via TSX)

CERTAIN CANADIAN FEDERAL INCOME TAX CONSIDERATIONS

The following is, as at the date of this Prospectus, a summary of the principal Canadian federal income tax considerations under the Tax Act generally applicable to an investor who acquires Units pursuant to the Offering and who, for the purposes of the Tax Act and at all relevant times, (i) deals at arm’s length with the Company and the Underwriter, (ii) is not affiliated with the Company or the Underwriter, and (iii) acquires and holds the Unit Shares and Warrants, and will hold the Warrant Shares issuable on the exercise of the Warrants, (the Unit Shares and Warrant Shares hereinafter sometimes collectively referred to as “**Shares**”) as capital property (a “**Holder**”). Generally, the Shares and Warrants will be considered as capital property of a Holder thereof provided that the Holder does not hold the Shares or Warrants in the course of carrying on a business of trading or dealing in securities and such Holder has not acquired them in one or more transactions considered to be an adventure or concern in the nature of trade.

This summary does not apply to a Holder (i) that is a “financial institution” for the purposes of the mark-to-market rules contained in the Tax Act, (ii) that is a “specified financial institution” as defined in the Tax Act, (iii) an interest in which would be a “tax shelter investment” as defined in the Tax Act, (iv) that has made a functional currency reporting election under the Tax Act, (v) that is exempt from tax under Part I of the Tax Act, (vi) that has entered into or will enter into a “derivative forward agreement”, as defined in the Tax Act, with respect to the Shares or Warrants, or (vii) that is a corporation resident in Canada that is, or does not deal at arm’s length with a corporation that is, at any time controlled by a non-resident person, or a group of non-resident persons not dealing with each other at arm’s length, in each case for purposes of the “foreign affiliate dumping” rules in the Tax Act. All such Holders should consult their own tax advisors with respect to an investment in Units. In addition, this summary does not address the deductibility of interest by a Holder who has borrowed money or otherwise incurred debt in connection with the acquisition of Units.

This summary is based on the current provisions of the Tax Act in force on the date hereof and our understanding of the current administrative policies and assessing practice of the Canada Revenue Agency (the “CRA”) made publicly available in writing prior to the date hereof. This summary takes into account all specific proposals to amend the Tax Act publicly announced by or on behalf of the Minister of Finance (Canada) prior to the date hereof (the “**Tax Proposals**”) and assumes that the Tax Proposals will be enacted in the manner and form proposed. However, no assurance can be given that the Tax Proposals will be enacted in their current form or at all. This summary does not otherwise take into account any changes in law or in the administrative policies or assessing practice of the CRA, whether by legislative, governmental or judicial decision or action, nor does it take into account or consider any other federal or any provincial, territorial or foreign tax considerations, which considerations may differ significantly from the Canadian federal income tax considerations discussed in this summary.

This summary is of a general nature only, is not exhaustive of all possible Canadian federal income tax considerations and is not intended to be, nor should it be construed to be, legal or tax advice to any particular Holder. Prospective investors should consult their own tax advisors with respect to their particular circumstances.

Allocation of Cost

The total purchase price of a Unit to a Holder must be allocated on a reasonable basis between the Unit Share and the Warrant comprising a Unit to determine the cost of each to the Holder for purposes of the Tax Act.

For its purposes, the Company intends to allocate \$2.7299 of the Offering Price of each Unit as consideration for the issue of each Unit Share and \$0.2201 of the Offering Price of each Unit for the one-half Warrant comprising part of the Unit. Although the Company believes its allocation is reasonable, it is not binding on the CRA or the Holder. The Holder’s adjusted cost base of the Unit Share comprising a part of each Unit will be determined by averaging the cost allocated to the Unit Share with the adjusted cost base to the Holder of all Common Shares (if any) owned by the Holder as capital property immediately prior to such acquisition.

Exercise of Warrants

The exercise of a Warrant to acquire a Warrant Share will be deemed not to constitute a disposition of property for purposes of the Tax Act. As a result, no gain or loss will be realized by a Holder upon the exercise of a Warrant to acquire a Warrant Share. When a Warrant is exercised, the Holder’s cost of the Warrant Share acquired thereby will be equal to the aggregate of the Holder’s adjusted cost base of such Warrant and the exercise price paid for the Warrant Share. The Holder’s adjusted cost base of the Warrant Share so acquired will be determined by averaging the cost of the Warrant Share with the adjusted cost base to the Holder of all Common Shares (if any) owned by the Holder as capital property immediately prior to such acquisition.

Holdings Resident in Canada

The following section of this summary applies to Holders who, for the purposes of the Tax Act, are or are deemed to be resident in Canada at all relevant times (“**Resident Holders**”). Certain holders who are resident in Canada for the purposes of the Tax Act and whose Shares might not otherwise constitute capital property may be

eligible to make an irrevocable election permitted by subsection 39(4) of the Tax Act to deem the Shares, and every other “Canadian security” as defined in the Tax Act, held by such holder, in the taxation year of the election and each subsequent taxation year, to be capital property. This election does not apply to Warrants. Resident Holders should consult their own tax advisors regarding this election.

Expiry of Warrants

In the event of the expiry of an unexercised Warrant, a Resident Holder generally will realize a capital loss equal to the adjusted cost base of such Warrant to the Resident Holder. The tax treatment of capital gains and capital losses is discussed in greater detail below under the subheading “*Capital Gains and Capital Losses*”.

Dividends

Dividends received or deemed to be received on Shares held by a Resident Holder will be included in computing the Resident Holder’s income. In the case of an individual (other than certain trusts), such dividends will be subject to the gross-up and dividend tax credit rules normally applicable in respect of “taxable dividends” received from “taxable Canadian corporations” (as defined in the Tax Act), including the enhanced gross-up and dividend tax credit in respect of dividends designated by the Company as “eligible dividends”. There may be restrictions on the Company’s ability to so designate any dividends as “eligible dividends”, and the Company has made no commitments in this regard. Dividends received or deemed to be received by a Resident Holder that is a corporation must be included in computing its income but should generally be deductible in computing its taxable income, subject to certain restrictions and special rules under the Tax Act. A Resident Holder that is a “private corporation” (as defined in the Tax Act) and certain other corporations controlled by or for the benefit of an individual (other than a trust) or related group of individuals (other than trusts) generally will be liable to pay a refundable tax under Part IV of the Tax Act on dividends received or deemed to be received on the Shares to the extent such dividends are deductible in computing taxable income. In certain circumstances, subsection 55(2) of the Tax Act will treat a taxable dividend received or deemed to be received by a Resident Holder that is a corporation as proceeds of disposition or a capital gain, and Resident Holders that are corporations should consult their own tax advisors in this regard.

Dispositions of Shares and Warrants

Upon a disposition or deemed disposition of a Share (except to the Company unless purchased by the Company in the open market in the manner in which shares are normally purchased by any member of the public in the open market) or a Warrant (other than a disposition arising on the exercise or expiry of a Warrant), a Resident Holder generally will realize a capital gain (or a capital loss) equal to the amount by which the proceeds of disposition of such security, as applicable, net of any reasonable costs of disposition, are greater (or are less) than the adjusted cost base of such security to the Resident Holder. The tax treatment of capital gains and capital losses is discussed in greater detail below under the subheading “*Capital Gains and Capital Losses*”.

Capital Gains and Capital Losses

Generally, one-half of any capital gain (a “**taxable capital gain**”) realized by a Resident Holder in a taxation year must be included in such Resident Holder’s income for the year. One-half of any capital loss (an “**allowable capital loss**”) realized by a Resident Holder in a taxation year must be deducted from taxable capital gains realized by such Resident Holder in such year. Allowable capital losses in excess of taxable capital gains realized in a taxation year generally may be carried back and deducted in any of the three preceding taxation years or carried forward and deducted in any subsequent taxation year, to the extent and under the circumstances described in the Tax Act.

The amount of any capital loss realized by a Resident Holder that is a corporation on the disposition of a Share may be reduced by the amount of dividends received or deemed to be received by it on such share (or on a share for which the Share has been substituted) to the extent and under the circumstances described by the Tax Act. Similar rules may apply where a Share is owned by a partnership or a trust of which a corporation, partnership or trust is a member or beneficiary, as applicable.

Additional Refundable Tax

A Canadian Holder that is, throughout the relevant taxation year, a “Canadian-controlled private corporation”, as defined in the Tax Act, may be liable to pay an additional refundable tax on its “aggregate investment income”, which is defined in the Tax Act to include amounts in respect of taxable capital gains and certain dividends.

Tax Proposals released on August 9, 2022 extend this additional refundable tax to a corporation that is at any time in a taxation year a “substantive CCPC” as defined in the Tax Proposals. Resident Holders should consult their own advisors with respect to the application of the Tax Proposals.

Minimum Tax

Capital gains realized (or deemed to be realized) and dividends received (or deemed to be received) by a Resident Holder that is an individual or a trust, other than certain specified trusts, may give rise to minimum tax under the Tax Act. Draft legislation proposing amendments in respect of the minimum tax was released on August 4, 2023 and Resident Holders should consult their own advisors with respect to the application of the minimum tax.

Holders Not Resident in Canada

The following section of this summary is generally applicable to a Holder who, for the purposes of the Tax Act and at all relevant times, (i) is not, and is not be deemed to be, resident in Canada, and (ii) does not use or hold the Shares or Warrants in carrying on a business in Canada (a “**Non-Resident Holder**”). Special rules, which are not discussed in this summary, may apply to a Non-Resident Holder that carries on or is deemed to carry on an insurance business in Canada and elsewhere or that is an “authorized foreign bank” (as defined in the Tax Act). Such Holders should consult their own tax advisors.

Dividends

Dividends paid or credited, or deemed to be paid or credited, to a Non-Resident Holder by the Company are subject to Canadian withholding tax at the rate of 25% on the gross amount of the dividend unless such rate is reduced by the terms of an applicable income tax treaty or convention. For example, under the Canada-United States Tax Convention (1980), as amended (the “**Treaty**”), the rate of withholding tax on dividends paid or credited to a Non-Resident Holder that is the beneficial owner of the dividend and who is resident in the U.S. for purposes of the Treaty and entitled to full benefits thereunder, is generally limited to 15% of the gross amount of the dividend. Non-Resident Holders should consult their own tax advisors in this regard.

Dispositions of Shares and Warrants

A Non-Resident Holder generally will not be subject to tax under the Tax Act in respect of a capital gain realized on the disposition or deemed disposition of a Share or a Warrant, nor will capital losses arising therefrom be recognized under the Tax Act, unless the Share or Warrant, as applicable, constitutes “taxable Canadian property” to the Non-Resident Holder thereof for purposes of the Tax Act at the time of disposition, and the gain is not exempt from tax pursuant to the terms of an applicable tax treaty.

Provided the Shares are listed on a “designated stock exchange” as defined in the Tax Act (which includes the TSX) at the time of disposition, the Shares and Warrants generally will not constitute taxable Canadian property of a Non-Resident Holder at that time unless, at any time during the 60 month period immediately preceding the disposition, the following two conditions are simultaneously met: (i) the Non-Resident Holder, persons with whom the Non-Resident Holder did not deal at arm’s length, partnerships in which the Non-Resident Holder or such non-arm’s length person holds a membership interest (either directly or indirectly through one or more partnerships), or the Non-Resident Holder together with all such persons, owned 25% or more of the issued shares of any class or series of shares of the Company; and (ii) more than 50% of the fair market value of the shares of the Company was derived directly or indirectly from one or any combination of real or immovable property situated in Canada, Canadian resource properties (as defined in the Tax Act), timber resource properties (as defined in the Tax Act) or an option, an interest or right in such property, whether or not such property exists.

Notwithstanding the foregoing, a Share or Warrant may also be deemed to be taxable Canadian property to a Non-Resident Holder in certain cases under other provisions of the Tax Act. In cases where a Non-Resident Holder disposes (or is deemed to have disposed) of a Share or Warrant that is taxable Canadian property to that Non-Resident Holder, and the Non-Resident Holder is not entitled to an exemption under an applicable tax treaty, the consequences described above under the headings “*Holders Resident in Canada – Dispositions of Shares and Warrants*” and “*Holders Resident in Canada – Capital Gains and Capital Losses*” will generally be applicable to such disposition.

Non-Resident Holders who may hold Shares or Warrants as taxable Canadian property should consult their own tax advisors with respect to the tax consequences applicable in their particular circumstances.

RISK FACTORS

An investment in the securities of the Company is speculative and subject to risks and uncertainties. The occurrence of any one or more of these risks or uncertainties could have a material adverse effect on the value of any investment in the Company and the business, prospects, financial position, financial condition or operating results of the Company. Additional risks and uncertainties not presently known to the Company or that the Company currently deems immaterial may also impair the Company’s business operations. Prospective investors should carefully consider all information contained in this Prospectus, including all documents incorporated by reference, each of which may be accessed on the Company’s SEDAR+ profile at www.sedarplus.com, and the information contained in the section entitled “*Forward-Looking Statements*”, before deciding to purchase the Units and prospective purchasers should consider the risk factors set forth below. In particular, prospective investors should carefully consider the risk factors contained in the Annual Information Form under the heading “*Risk Factors*” and in the MD&A under the heading “*Risk Factors and Risk Management*”.

The risks and uncertainties described or incorporated by reference in this Prospectus are not the only ones the Company may face. Additional risks and uncertainties that the Company is unaware of, or that the Company currently deems not to be material, may also become important factors that affect the Company. If any such risks actually occur, the Company’s business, financial condition or results of operations could be materially adversely affected, with the result that the trading price of the Common Shares could decline and investors could lose all or part of their investment.

Risks Relating to the Offering

Return on Investment is Not Guaranteed

There can be no assurance regarding the amount of income to be generated by the Company and there can be no guarantee that an investment in the Units will earn any positive return in the short term or long term. The Units consist of equity securities of the Company and are not fixed income securities. Unlike fixed income securities, there is no obligation of the Company to distribute to shareholders a fixed amount or any amount at all, or to return the initial purchase price of the Units on any date in the future. The market value of the Common Shares may deteriorate if the Company is unable to generate sufficient positive returns, and that deterioration may be significant. An investment in the Units is appropriate only for investors who have the capacity to absorb a loss of some or all of their investment.

Completion of the Offering is Subject to Conditions

The completion of the Offering remains subject to satisfaction of a number of conditions, including final approval of the Offering by the TSX. There can be no certainty that the Offering will be completed. If the Offering is not completed, the Company may not be able to raise the funds required for the purposes contemplated under “*Use of Proceeds*” from other sources on commercially reasonable terms or at all.

Use of Proceeds

The Company intends to use the net proceeds from the Offering as described under “*Use of Proceeds*”. However, management will have discretion in the actual application of the proceeds and may elect to allocate proceeds

differently from that described under “*Use of Proceeds*” if it believes that it would be in the best interests of the Company to do so or if circumstances change.

In particular, the Company’s Convertible Debentures are set to mature on October 16, 2023 and the Company has elected to satisfy any amounts payable in respect of the Convertible Debentures at maturity in cash. The Company’s ability to settle the Convertible Debentures in cash at their maturity will depend, in part, on availability of cash on hand, including funds generated by the Company’s operations through the maturity date, together with the US\$18 million principal amount of the Accordion Upsize. In the event that, at the time of maturity, the Company has less cash on hand than it currently expects, it may choose to use a portion of the proceeds of the Offering to satisfy payments of the Convertible Debentures at maturity. See “*Recent Developments*”.

Holders of Warrants have no rights with respect to the Warrant Shares underlying such Warrants

Until a holder of Warrants acquires Warrant Shares upon the exercise of Warrants, such holder will have no rights with respect to the Warrant Shares underlying such Warrants. Rights with respect to the Warrant Shares will arise only if and when the Company delivers Warrant Shares upon the exercise of a Warrant.

No trading market for Warrants

The Warrants constitute a new issue of securities of the Company. There is no trading market for the Warrants and there can be no guarantee that an active or liquid trading market for the Warrants will develop or be sustained. If an active or liquid market for these securities fails to develop or be sustained, the prices at which these securities trade may be adversely affected. Whether or not these securities will trade at lower prices depends on many factors, including liquidity of these securities, prevailing interest rates and the markets for similar securities, the market price of the other securities of the Company, general economic conditions and the Company’s financial condition, historic financial performance and future prospects.

Enforcement of Judgments Against Foreign Persons may not be Possible

Canadian investors should be aware that certain directors of the Company reside outside of Canada; as a result, it may not be possible for purchasers of the Units to effect service of process within Canada upon such directors. All or a substantial portion of the assets of such directors are likely to be located outside of Canada and, as a result, it may not be possible to satisfy a judgment against such directors in Canada or to enforce a judgment obtained in Canadian courts against such directors outside of Canada.

History of Negative Cash Flow

The Company had negative operating cash flow for the financial years ended March 31, 2023 and 2022. Although the Company had positive operating cash flow for the financial period ended June 30, 2023, and expects to report a positive operating cash flow for the current fiscal quarter, the Company cannot guarantee that it will attain or maintain positive cash flow status into the future. To the extent that the Company has negative cash flow in any future period, certain of the proceeds from the Offering may be used to fund such negative cash flow from operating activities in these periods.

Unpredictability and Volatility of Market Prices

The Common Shares may not necessarily trade at values determined by reference to the underlying value of the Company’s business. The prices at which the Common Shares trade cannot be predicted. The market price of the Common Shares could be subject to significant fluctuations in response to a variety of factors, including the factors described in this “*Risk Factors*” section, in the documents incorporated by reference herein, and other factors beyond the Company’s control, such as fluctuations in the valuations of companies perceived by investors to be comparable. In addition, the securities markets have experienced significant price and volume fluctuations from time to time in recent years that often have been unrelated or disproportionate to the operating performance of particular issuers. These broad fluctuations may adversely affect the market price of the Common Shares. In addition, in the past, following periods of volatility in the overall market and the market price of a company’s securities, securities class

action litigation has often been instituted against these companies. This litigation, if instituted against the Company, could result in substantial costs and diversion of management's attention and resources.

Dilution

Issuances of additional securities will result in a dilution of the equity interests of any person who is or may become a holder of Common Shares or Warrants. The Company may require additional funding for future development programs and potential acquisitions. The Company may issue additional securities in the future if further capital is required and on the exercise of outstanding Convertible Debentures, warrants or stock options. Sales or issuances of substantial amounts of Common Shares, or the inability to find purchasers of Common Shares, could adversely affect the market prices for the Common Shares. A decline in the market prices of Common Shares could impair the Company's ability to raise additional capital through the sale of new securities should it desire to do so. If additional Common Shares or securities convertible into Common Shares are sold or issued, such sales or issuances may substantially dilute the interests of holders of Common Shares and/or Warrants.

Global Financial Conditions

Global financial conditions have always been subject to volatility. This volatility may impact the ability of the Company to obtain equity or debt financing in the future and, if obtained, on terms favourable to the Company. Increase levels of volatility and market turmoil can adversely affect the Company's operations and the value and the market price of the Common Shares could be adversely affected. The Company may also be negatively impacted by volatility in the equity markets as a result of a number of catastrophic events that are beyond the Company's control, including infectious diseases, pandemics or similar health threats, such as the COVID-19 pandemic, or fear of any of the foregoing.

No assurance that future financing will be available

The Company may need to obtain additional financing in the future. The ability to obtain such additional financing will depend upon a number of factors, including prevailing market conditions and the operating performance of the Company. There can be no assurance that any such financing will be available to the Company on favourable terms or at all. If financing is available through the sale of debt, equity or capital properties, the terms of such financing may not be favourable to the Company. Failure to raise capital when required could have a material adverse effect on the Company's business, financial condition and results of operations.

No assurance of active or liquid market for the Common Shares

No assurance can be given that an active or liquid trading market for the Common Shares will be sustained. If an active or liquid market for the Common Shares fails to be sustained, the prices at which such shares trade may be adversely affected and holders of Common Shares may be unable to sell their investment on satisfactory terms. Whether or not the Common Shares will trade at lower prices depends on many factors, including the liquidity of the Common Shares, prevailing interest rates and the markets for similar securities, general economic conditions and the Company's financial condition, historic financial performance and prospects. Other factors unrelated to the Company's performance that may have an effect on the price and liquidity of the Company's securities include the extent of the analytical coverage, lessening in trading volume and general market interest in the Company's securities, the size of the Company's public float and any event resulting in a delisting of the Common Shares. Moreover, the issuance by the Company of Common Shares on the exercise of options or settlement of share units under the Company's omnibus equity incentive plan and upon the exercise of outstanding warrants to purchase Common Shares and the subsequent resale of such Common Shares in the public market could also adversely affect the prevailing market price.

Risks Relating to the Company

Possible failure to realize benefits of the US Treosulfan Agreement

Under the US Treosulfan Agreement, Medexus holds the exclusive right to commercialize treosulfan in the United States, subject to approval from the FDA. As disclosed elsewhere in the documents incorporated by reference in this Prospectus, the process for obtaining FDA approval has been delayed beyond the previously agreed outside date for FDA approval set out in the US Treosulfan Agreement. Accordingly, on September 26, 2023, the parties entered into the Third Amendment, which, among other things, extends the agreed outside date for FDA approval to reflect the current status of the FDA regulatory review process, and provides that, if and when the FDA accepts medac's resubmission of its new drug application for treosulfan, the parties will then discuss any adjustments to the value of unpaid regulatory and sales-based milestone payments that the parties may agree are appropriate in the then-prevailing circumstances.

Medexus continues to believe that the US Treosulfan Agreement will provide benefits to the Company. However, the Company's financial and operational assumptions with respect to the US Treosulfan Agreement may be inaccurate, and achieving the benefits of the US Treosulfan Agreement will depend in part on Medexus being able to successfully negotiate acceptable amendment terms with medac in the context of ongoing delays, and successfully commercialize treosulfan in the United States in line with current expectations. In addition, a variety of other factors could also adversely affect the likelihood of the anticipated benefits of the US Treosulfan Agreement materializing or occurring within the time periods anticipated by Medexus, including the occurrence, timing, and outcome of (1) the FDA review process for treosulfan, (2) any related collection and submission of information to the FDA and the FDA's acceptance and review of such information, and (3) any related launch of the product in the United States and expectations regarding the product's prospects if approved by the FDA.

Further, as Medexus anticipates that certain milestone and royalty payments will need to be made to medac from time to time under the US Treosulfan Agreement, the precise amount and timing of which are difficult to estimate accurately and may change as contemplated by the US Treosulfan Agreement. As the amount and timing of any such milestone payments become clear, the Company will evaluate its financing needs and options. Depending on the ultimate amount and timing of any such payments, Medexus may need to finance such payments through additional debt or equity financing. Medexus has been successful in securing third-party financing in the past, however, the Company's ability to obtain additional financing in the future will depend upon a number of factors, including prevailing market conditions and the operating performance of the Company. There can be no assurance that any such financing will be available to the Company on favourable terms or at all. Under the terms of the US Treosulfan Agreement, medac may terminate the US Treosulfan Agreement if, among other things, Medexus fails to pay certain milestone payments when due or cannot demonstrate its ability to pay the remaining milestone payments as and when required by the US Treosulfan Agreement.

The consideration paid and payable by Medexus under the US Treosulfan Agreement, including the milestone payments, is non-refundable except in very limited circumstances, in which case a portion of the regulatory milestone payments may be refunded. If the US Treosulfan Agreement were to be terminated, then Medexus would no longer have exclusive rights to commercialize treosulfan in the United States, which could have a material adverse effect on the Company's business and prospects.

Further information regarding the US Treosulfan Agreement is set out in the Annual Information Form, the MD&A, and the Interim MD&A, each of which is incorporated herein by reference.

LEGAL MATTERS

Certain legal matters in connection with the issue and sale of the Units offered by this Prospectus will be passed upon on behalf of the Company by Blake, Cassels & Graydon LLP and on behalf of the Underwriter by Fasken Martineau DuMoulin LLP.

INTERESTS OF EXPERTS

As of the date hereof, the partners and associates of Blake, Cassels & Graydon LLP, as a group, own, directly or indirectly, less than 1% of each class of outstanding securities of the Company. As of the date hereof, the partners and associates of Fasken Martineau DuMoulin LLP, as a group, own, directly or indirectly, less than 1% of each class of outstanding securities of the Company.

AUDITORS AND TRANSFER AGENT AND REGISTRAR

The independent auditors of the Company are PricewaterhouseCoopers LLP, Partnership of Chartered Professional Accountants, whose offices are located at 18 York Street, Suite 2500, Toronto, Ontario, M5J 0B2. PricewaterhouseCoopers LLP has confirmed that it is independent with respect to the Company within the meaning of the CPA Code of Professional Conduct of Ontario.

The transfer agent and registrar for the Common Shares and the warrant agent for the Warrants is Odyssey Trust Company, at its principal office in Toronto, Ontario.

AGENT FOR SERVICE OF PROCESS

Purchasers are advised that it may not be possible for investors to enforce judgments obtained in Canada against any person or company that is incorporated, continued or otherwise organized under the laws of a foreign jurisdiction or resides outside of Canada, even if the party has appointed an agent for service of process.

Harmony Garges, Marcel Konrad, Nancy Phelan and Menassie Taddese, each a director or officer of the Company (the “**Non-resident D&Os**”), reside outside of Canada. Each of the Non-resident D&Os have appointed the Company as their agent for service of process. The Company’s address for service of process is located at 10 King Street East, Suite 600, Toronto, Ontario, Canada M5C 1C3.

STATUTORY RIGHTS OF WITHDRAWAL AND RESCISSION

Securities legislation in certain of the provinces of Canada provides purchasers with the right to withdraw from an agreement to purchase securities. This right may be exercised within two business days after receipt or deemed receipt of a prospectus and any amendment. In several of the provinces, the securities legislation further provides a purchaser with remedies for rescission or, in some jurisdictions, revision of the price or damages if the prospectus and any amendment thereto contains a misrepresentation or is not delivered to the purchaser, provided that the remedies for rescission, revision of the price or damages are exercised by the purchaser within the time limit prescribed by the securities legislation of the purchaser’s province. The purchaser should refer to any applicable provisions of the securities legislation of the purchaser’s province for the particulars of these rights or consult with a legal adviser.

In an offering of Warrants, investors are cautioned that the statutory right of action for damages for a misrepresentation contained in the Prospectus is limited, in certain provincial securities legislation, to the price at which the Warrants are offered to the public under the prospectus offering. This means that, under the securities legislation of certain provinces, if the purchaser pays additional amounts upon exercise of the Warrants, those amounts may not be recoverable under the statutory right of action for damages that applies in those provinces. The purchaser should refer to any applicable provisions of the securities legislation of the purchaser’s province for the particulars of this right of action for damages or consult with a legal adviser.

Under the Warrant Indenture, original purchasers of Warrants pursuant to the Offering will have a non-assignable contractual right of rescission if this Prospectus (including documents incorporated herein and therein by reference) or any amendment hereto contains a misrepresentation (within the meaning of the Securities Act (Ontario)) (the “**Securities Act**”), provided such remedy for rescission is exercised within 180 days of the Closing Date, following which this contractual right of rescission will be null and void. This contractual right of rescission shall be subject to the defences, limitations and other provisions described under part XXIII of the Securities Act, and is in addition to any other right or remedy available to original purchasers under section 130 of the Securities Act or otherwise at law. For greater certainty, this contractual right of rescission under the Warrant Indenture is only available in connection

with a misrepresentation (within the meaning of the Securities Act) and is not a right to withdraw from an agreement to purchase securities within two business days as provided in securities legislation in certain provinces of Canada. Investors are cautioned that in an offering of convertible, exchangeable, or exercisable securities, such as the Warrants, the statutory right of action for damages for a misrepresentation contained herein is limited, in certain provincial securities legislation, to the price at which the Warrants are offered to the public under the Offering. This means that, under the securities legislation of certain provinces, if the purchaser pays additional amounts upon exercise of the Warrants, those amounts may not be recoverable under the statutory right or action for damages that applies in those provinces. The purchaser should refer to any applicable provisions of the securities legislation of the purchaser's province for the particulars of this right of action for damages, or consult with a legal adviser.

CERTIFICATE OF THE COMPANY

Dated: October 2, 2023

This short form prospectus, together with the documents incorporated by reference, constitutes full, true and plain disclosure of all material facts relating to the securities offered by this short form prospectus as required by the securities legislation of each of the provinces of Canada, other than Québec.

MEDEXUS PHARMACEUTICALS INC.

(signed) "Ken d'Entremont"

By: Ken d'Entremont
Chief Executive Officer

(signed) "Marcel Konrad"

By: Marcel Konrad
Chief Financial Officer

On behalf of the Board of Directors

(signed) "Michael Mueller"

By: Michael Mueller
Director

(signed) "Benoit Gravel"

By: Benoit Gravel
Director

CERTIFICATE OF THE UNDERWRITER

Dated: October 2, 2023

To the best of my knowledge, information and belief, this short form prospectus, together with the documents incorporated by reference, constitutes full, true and plain disclosure of all material facts relating to the securities offered by this short form prospectus as required by the securities legislation of each of the provinces of Canada, other than Québec.

RESEARCH CAPITAL CORPORATION

(signed) "David Keating"

By: David Keating
Managing Director, Head of Equity Capital
Markets, Co-Head of Capital Markets