

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, in the United States 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 in the United States. 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. Copies of the documents incorporated herein by reference may be obtained on request without charge from the General Counsel of HLS Therapeutics Inc. at 10 Carlson Court, Suite 701, Etobicoke, Ontario, Canada M9W 6L2 (telephone: (647) 495-9000), and are also available electronically at www.sedar.com.

SHORT FORM PROSPECTUS

New Issue

June 3, 2019



HLS Therapeutics®

HLS THERAPEUTICS INC.

C\$43,500,000

2,718,750 Common Shares

This short form prospectus (this “**Prospectus**”) qualifies the distribution to the public (the “**Offering**”) of 2,718,750 common shares (the “**Offered Shares**”) of HLS Therapeutics Inc. (“**HLS**” or the “**Company**”) at a price of C\$16.00 per Offered Share (the “**Offering Price**”).

HLS is a Canada-based North America-focused specialty pharmaceutical company focused on commercializing clinically differentiated pharmaceutical products in the specialty central nervous system (“**CNS**”) and cardiovascular (“**CV**”) markets. HLS’s current product portfolio includes Clozaril® (a CNS product) for the Canadian and U.S. markets and the following pre-registration products for the Canadian market: Vascepa® (a CV product), Trinomia™ (a CV product) and PERSERIS™ (a CNS product). HLS also holds the U.S. marketing rights to Absorica® which, in effect, provides HLS with income based on U.S. sales of Absorica. HLS intends to pursue additional product and pipeline opportunities in the CNS and CV therapeutic markets, and potentially in other therapeutic areas, through targeted business development efforts. HLS’s experienced management team has a long and proven track record of successfully sourcing, developing and commercializing drugs in a variety of therapeutic areas at all stages of their life cycle throughout North America and internationally. See “The Company”.

Price: C\$16.00 per Offered Share

The outstanding common shares of the Company (the “**Common Shares**”) are listed and posted for trading on the Toronto Stock Exchange (the “**TSX**”) under the symbol “HLS”. The Offering was announced following the close of trading on the TSX on May 14, 2019. The closing price of the Common Shares on the TSX on May 14, 2019 was C\$16.80 per Common Share. On May 31, 2019, the last trading day prior to the date of this Prospectus, the closing price of the Common Shares on the TSX was C\$15.96 per Common Share.

GMP Securities L.P. and Bloom Burton Securities Inc. (together, the “**Co-Lead Underwriters**”), as co-lead underwriters and joint bookrunners, Clarus Securities Inc. and PI Financial Corp. (together with the Co-Lead Underwriters, the “**Underwriters**”) have severally agreed to purchase the Offered Shares from the Company at a price of C\$16.00 per Offered Share, subject to the terms and conditions of the Underwriting Agreement described under “Plan of Distribution”. The Offering Price was determined by negotiation between the Company and the Co-Lead Underwriters.

	<u>Price to the Public</u>	<u>Underwriters’ Fee⁽¹⁾</u>	<u>Net Proceeds to the Company⁽²⁾</u>
Per Offered Share.....	C\$16.00	C\$0.88	C\$15.12
Total Offering ⁽³⁾	C\$43,500,000	C\$2,392,500	C\$41,107,500

Notes:

- (1) The Company will pay the Underwriters a cash commission equal to 5.5% of the gross proceeds of the Offering (the “**Underwriters’ Fee**”) (including pursuant to any exercise of the Over-Allotment Option (as defined below)). In addition to the Underwriters’ Fee, the Company will issue to the Underwriters, or as they may direct, that number of broker warrants (“**Broker Warrants**”) as is equal to 5.5% of the number of Offered Shares sold pursuant to the Offering (including pursuant to any exercise of the Over-Allotment Option). Each Broker Warrant will entitle the holder thereof to purchase one Common Share (a “**Broker Warrant Share**”) at the Offering Price for a period of 24 months following the date of issuance thereof. This Prospectus qualifies the issuance of the Broker Warrants. See “Plan of Distribution”.
- (2) Before deducting the expenses of the Offering, estimated to be C\$850,000, which, together with the Underwriters’ Fee, will be paid from the proceeds of the Offering.
- (3) The Company has granted to the Underwriters an option (the “**Over-Allotment Option**”) exercisable in whole or in part at any one time for a period of 30 days from the closing of the Offering to purchase up to 407,813 additional Common Shares (the “**Over-Allotment Shares**”) (being equal to 15% of the Offered Shares sold pursuant to the Offering) on the same terms as set forth above. If the Over-Allotment Option is exercised in full, the total “Price to the Public”, “Underwriters’ Fee” and “Net Proceeds to the Company” will be C\$50,025,008, C\$2,751,375 and C\$47,273,633, respectively. This Prospectus qualifies the grant of the Over-Allotment Option and the issuance of the Over-Allotment Shares on the exercise of the Over-Allotment Option. See “Plan of Distribution”. A purchaser who acquires Common Shares forming part of the Underwriters’ over-allocation position acquires those Common Shares under this Prospectus, regardless of whether the over-allocation position is ultimately filled through the exercise of the Over-Allotment Option or secondary market purchases.

<u>Underwriters’ Position</u>	<u>Maximum Size or Number of Securities Available</u>	<u>Exercise Period</u>	<u>Exercise Price</u>
Over-Allotment Option	Option to acquire up to 407,813 Over-Allotment Shares	Exercisable at any one time up to 30 days after closing of the Offering	C\$16.00 per Over-Allotment Share
Broker Warrants	149,531 (up to 171,961 if the Over-Allotment Option is exercised in full)	Exercisable not later than 24 months following the date of issuance thereof	C\$16.00 per Broker Warrant Share

The Underwriters, as principals, conditionally offer the Offered Shares, subject to prior sale, if, as and when issued by the Company and accepted by the Underwriters in accordance with the conditions contained in the underwriting agreement described 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 Underwriters by Baker & McKenzie LLP.

The Company has been advised by the Underwriters that, in connection with the Offering, the Underwriters may 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 Underwriters may offer the Offered Shares to the public at a price lower than that stated above. See “Plan of Distribution”.**

Subscriptions will be received subject to rejection or allocation in whole or in part and the Underwriters reserve the right to close the subscription books at any time without notice. Closing of the Offering is expected to occur on or about June 5, 2019 or such other date as the Company and the Co-Lead Underwriters, on behalf of the Underwriters (the “**Closing Date**”). Registrations and transfers of the Offered Shares will be effected electronically through the non-certificated inventory (“**NCI**”) system administered by CDS Clearing and Depository Services Inc. (“**CDS**”). Beneficial owners of Offered Shares will not, except in certain limited circumstances, be entitled to receive physical certificates evidencing their ownership of Offered Shares. See “Plan of Distribution”.

The TSX has conditionally approved the listing of the Offered Shares and the Broker Warrant Shares described in this Prospectus. Listing is subject to the Company fulfilling all of the requirements of the TSX on or before August 19, 2019.

An investment in the Offered Shares is subject to a number of risks that should be carefully considered by prospective investors. See “Risk Factors”.

The principal, head and registered office of the Company is located at 10 Carlson Court, Suite 701, Etobicoke, Ontario M9W 6L2.

TABLE OF CONTENTS

	Page
ABOUT THIS PROSPECTUS.....	1
EXCHANGE RATE INFORMATION.....	1
FORWARD-LOOKING STATEMENTS.....	2
DOCUMENTS INCORPORATED BY REFERENCE.....	3
MARKETING MATERIALS.....	4
ELIGIBILITY FOR INVESTMENT.....	4
THE COMPANY.....	5
RECENT DEVELOPMENTS.....	5
STATUS OF COMMERCIALIZATION OF VASCEPA.....	5
CONSOLIDATED CAPITALIZATION.....	6
PLAN OF DISTRIBUTION.....	6
USE OF PROCEEDS.....	8
PRIOR SALES.....	9
TRADING PRICE AND VOLUME.....	9
CERTAIN CANADIAN FEDERAL INCOME TAX CONSIDERATIONS.....	9
RISK FACTORS.....	12
LEGAL MATTERS.....	13
INTERESTS OF EXPERTS.....	13
AUDITORS AND TRANSFER AGENT AND REGISTRAR.....	13
AGENT FOR SERVICE OF PROCESS.....	14
STATUTORY RIGHTS OF WITHDRAWAL AND RESCISSION.....	14
CERTIFICATE OF THE COMPANY.....	C-1
CERTIFICATE OF THE UNDERWRITERS.....	C-2

ABOUT THIS PROSPECTUS

A prospective purchaser of Offered Shares 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 Offered Shares. A prospective purchaser of Offered Shares should rely only on the information contained in this Prospectus. The Company and the Underwriters have not authorized anyone to provide prospective purchasers of Offered Shares with additional or different information. 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 Offered Shares. 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 any of the Underwriters has done anything that would permit the direct or indirect, offer, sale or delivery of any Offered Shares 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.

Interpretation

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

Unless the context otherwise requires, references in this Prospectus to the "Offering" include the Over-Allotment Option and references in this Prospectus to "Offered Shares" include the Over-Allotment Shares.

Presentation of Financial Information

The financial statements of the Company incorporated by reference in this Prospectus are presented in United States dollars and have been prepared in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board. Certain calculations included in tables and other figures in this Prospectus have been rounded for clarity of presentation

EXCHANGE RATE INFORMATION

All references to "C\$" or "Canadian dollars" included or incorporated by reference 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 spot rates of exchange for one United States dollar, expressed in Canadian dollars, published by the Bank of Canada.

	Year ended December 31, 2018 (C\$)	Year ended December 31, 2017 (C\$)	Three months ended March 31, 2019 (C\$)	Three months ended March 31, 2018 (C\$)
High.....	1.3642	1.3743	1.3600	1.3088
Low.....	1.2288	1.2128	1.3095	1.2288
Average.....	1.2957	1.2986	1.3295	1.2647
Period End.....	1.3642	1.2545	1.3363	1.2894

The rate of exchange reported by the Bank of Canada for conversion of United States dollars into Canadian dollars on May 31, 2019 was US\$1.00 = C\$1.3527. 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 contained in this Prospectus and the documents incorporated by reference herein constitute “forward-looking information” within the meaning of applicable securities laws in Canada. Forward-looking information may relate to the Company’s future financial outlook and anticipated events or results and may include information regarding the Company’s business, financial position, results of operations, business strategy, growth plans and strategies, technological development and implementation, budgets, operations, financial results, taxes, dividend policy, plans and objectives. Particularly, information regarding the Company’s expectations of future results, performance, achievements, prospects or opportunities or the markets in which it operates is forward-looking information. In some cases, forward-looking information can be identified by the use of forward-looking terminology such as “expects”, “anticipates”, “continues,” “estimates”, “objective”, “ongoing”, “may”, “will”, “projects”, “should”, “believes”, “plans”, “intends”, “potential”, or variations of such words and similar expressions. In addition, any statements that refer to expectations, intentions, projections or other characterizations of future events or circumstances contain forward-looking information. Statements containing forward-looking information are not facts but instead represent management’s expectations, estimates and projections regarding future events or circumstances.

Forward-looking information in this Prospectus and the documents incorporated by reference herein includes, among other things, statements relating to: industry trends, overall market growth rates and the Company’s growth rates; expectations regarding revenue, expenses and operations; measures of the Company’s operating performance and financial condition; the Company’s business plans and strategies, including acquisition opportunities; intentions with respect to, and the ability to execute, the Company’s growth strategies; future sales of drugs, including Clozaril; regulatory approval and sales of drugs and devices, including Vascepa, Trinomia, Absorica, PERSERIS and CSAN® Pronto™; securing additional licenses from third parties; assessments of suppliers’ manufacturing capacity and downstream supply of raw materials; relationships with pharmaceutical licensors, including Amarin Corporation plc; relationships with employees; the Company’s competitive position in the industry; anticipated trends and challenges in the Company’s business and the markets in which it operates; protection of the Company’s intellectual property rights; dividends; the effects of any non-compliance with government regulations; the exercise of certain shareholder rights; statements with respect to future prospects for Company products, including Vascepa and Clozaril; statements with respect to HLS’s pursuit of additional product and pipeline opportunities in certain therapeutic markets; withdrawal of a competing isotretinoin product in the U.S. market; HLS’s anticipated cash needs and its need for additional financing; the timing and closing of the Offering; the intended use by the Company of the net proceeds of the Offering as described under “Use of Proceeds”; and the listing on the TSX of the Offered Shares and the Broker Warrant Shares.

This forward-looking information and other forward-looking information are based on the Company’s opinions, estimates and assumptions in light of its experience and perception of historical trends, current conditions and expected future developments, as well as other factors that the Company currently believes are appropriate and reasonable in the circumstances. Despite a careful process to prepare and review the forward-looking information, there can be no assurance that the underlying opinions, estimates and assumptions will prove to be correct.

By its very nature, forward-looking information requires management to make assumptions and is subject to inherent risks and uncertainties, which give rise to the possibility that management’s assumptions, estimates, analyses, beliefs and opinions may not be correct and that HLS’s expectations and plans will not be achieved. The forward-looking information contained in this Prospectus reflects assumptions regarding, but not limited to: revenue growth and operating efficiencies; customer demand for HLS’s products; the sufficiency of budgeted capital expenditures in carrying out planned activities; the availability and cost of labour and services; there being no significant changes in regulatory, tax and healthcare laws and regulations; the absence of a material change in competition; and there being generally stable economic and financial conditions in Canada, the United States and globally. Although HLS believes that the forward-looking information in this Prospectus is based on information, assumptions and beliefs that are current, reasonable and complete, this information is necessarily subject to a number of factors that could cause actual results to differ materially from management’s expectations and plans as set forth in such forward-looking information. Some of the factors, many of which are beyond HLS’s control and the effects of which can be difficult

to predict, but may cause actual results to differ from the results expressed by forward-looking information, include: HLS's dependence on revenue from sales of two products; HLS's reliance on third parties for the manufacture and supply of products; HLS's dependence on Galephar Pharmaceuticals Research Inc., Cipher Pharmaceuticals Inc. and Sun Pharmaceuticals Industries Ltd. for the manufacturing, supply, distribution and commercialization of Absorica; risks associated with attracting and retaining key managerial personnel; risks and uncertainties related to HLS's acquisition growth strategy; risks and uncertainties related to HLS's ability to obtain or maintain regulatory approvals; risks and uncertainties related to HLS's ability to obtain or maintain intellectual property protection; risks related to changes in regulatory, tax and healthcare laws and regulations, including matters such as pricing and reimbursement of pharmaceutical products; and risks related to foreign exchange and market rate fluctuations.

This is not an exhaustive list of the factors that may affect the forward-looking information in this Prospectus. Investors and others should carefully consider these and other risk factors and not place undue reliance on the forward-looking information and statements. Further information regarding these and other factors are discussed in this Prospectus under the heading "Risk Factors" in this Prospectus and in HLS's Annual Information Form (as defined below). The forward-looking statements and information contained in this Prospectus are made as of the date hereof and HLS undertakes no obligation to update publicly or revise any forward-looking statements or information, whether as a result of new information, future events or otherwise, except as required by applicable securities laws.

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

DOCUMENTS INCORPORATED BY REFERENCE

The following documents filed with the securities commission or similar authority in each of the provinces of Canada except Quebec 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 December 31, 2018 and December 31, 2017, and the notes thereto together with the report of the independent auditors thereon (the "**Annual Financial Statements**");
- (b) management's discussion and analysis of the Company dated March 20, 2019, in respect of the Annual Financial Statements (the "**Annual MD&A**");
- (c) the Company's annual information form dated April 1, 2019 for the year ended December 31, 2018 (the "**Annual Information Form**");
- (d) the unaudited condensed interim consolidated financial statements of the Company for the three months ended March 31, 2019 (the "**Interim Financial Statements**");
- (e) management's discussion and analysis dated May 8, 2019 in respect of the Interim Financial Statements;
- (f) the template version of the term sheet for the Offering dated May 14, 2019 (the "**Marketing Materials**");
- (g) the Company's material change report dated May 21, 2019 in respect of the Offering; and
- (h) the management information circular of the Company dated May 22, 2019 with respect to the annual meeting of shareholders of the Company to be held on June 21, 2019.

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 except

Quebec pursuant to the requirements of applicable securities legislation after the date of this Prospectus and prior to the termination of the distribution of the Offered Shares 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. 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 (except Quebec) in connection with the Offering after the date hereof but prior to the termination of the distribution of the Offered Shares 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 Baker & McKenzie LLP, counsel to the Underwriters, based on the current provisions of the *Income Tax Act* (Canada) and the regulations thereunder (together, the “**Tax Act**”), the Offered Shares, if issued on the date hereof, would be, on such date, “qualified investments” under the Tax Act for trusts governed by registered retirement savings plans (“**RRSPs**”), registered retirement income funds (“**RRIFs**”), registered education savings plans (“**RESPs**”), deferred profit sharing plans, registered disability savings plans (“**RDSPs**”) and tax-free savings accounts (“**TFSAs**”), provided that the Offered Shares are listed on a “designated stock exchange” (as defined in the Tax Act), which currently includes the TSX.

Notwithstanding that the Offered Shares may be qualified investments for a trust governed by a TFSA, RDSP, RRSP, RRIF or RESP (each, a “**Plan**”), a holder of a TFSA or RDSP, an annuitant under an RRSP or RRIF or a subscriber of an RESP (each, a “**Plan Holder**”) will be subject to a penalty tax if the Offered Shares are a “prohibited investment” (as defined in subsection 207.01(1) of the Tax Act) for a Plan and are held by a trust governed by the Plan. The Offered Shares will generally not be a prohibited investment for a trust governed by a Plan provided that the Plan Holder deals at arm’s length with the Company for purposes of the Tax Act and does not have a “significant interest” (within the meaning of subsection 207.01(4) of the Tax Act) in the Company. In addition, the Offered Shares will not be a “prohibited investment” for a Plan if the Offered Shares are “excluded property” (as defined in subsection 207.01(1) of the Tax Act) for such Plan. Prospective purchasers who intend to hold the Offered Shares in a Plan should consult their own tax advisors regarding the application of the foregoing prohibited investment rules in their particular circumstances.

THE COMPANY

HLS is a Canada-based North America-focused specialty pharmaceutical company focused on commercializing clinically differentiated pharmaceutical products in the specialty CNS and CV markets. HLS's current product portfolio includes Clozaril (a CNS product) for the Canadian and U.S. markets and the following pre-registration products for the Canadian market: Vascepa (a CV product), Trinomia (a CV product) and PERSERIS (a CNS product). HLS also holds the United States marketing rights to Absorica which, in effect, provides HLS with income based on U.S. sales of Absorica. HLS intends to pursue additional product and pipeline opportunities in the CNS and CV therapeutic markets, and potentially in other therapeutic areas, through targeted business development efforts. HLS's experienced management team has a long and proven track record of successfully sourcing, developing and commercializing drugs in a variety of therapeutic areas at all stages of their life cycle throughout North America and internationally.

The principal, head and registered office of the Company is located at 10 Carlson Court, Suite 701, Etobicoke, Ontario M9W 6L2.

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

RECENT DEVELOPMENTS

On April 29, 2019, HLS announced that it had filed a new drug submission (the "NDS") with Health Canada for Vascepa. The NDS proposes that Vascepa (icosapent ethyl) be indicated to reduce the risk of major adverse cardiovascular events in statin-treated patients with elevated triglycerides and other risk factors. Vascepa has been granted priority review status by Health Canada. The priority review status of Vascepa is expected to significantly reduce Health Canada's review time of Vascepa, which could expedite Vascepa's launch in the Canadian market.

On May 8, 2019, HLS entered into an exclusive agreement for the rights to register and commercialize PERSERIS in Canada. PERSERIS, which was developed by Indivior PLC, is a novel subcutaneous risperidone-containing, long-acting injectable for the treatment of schizophrenia and, if approved, will commercially complement the Company's existing CNS product, Clozaril. PERSERIS has been approved by the United States Food and Drug Administration but it is not approved for use in Canada.

STATUS OF COMMERCIALIZATION OF VASCEPA

Vascepa is the Company's primary non-revenue-generating product. The Company acquired the rights to register, distribute and commercialize Vascepa capsules in Canada pursuant to an exclusive agreement dated September 25, 2017 between the Company and Amarin Pharmaceuticals Ireland Limited and Amarin Pharma, Inc.

On March 29, 2019, the Company announced that Health Canada had granted priority review status for Vascepa, and on April 29, 2019, the Company submitted the NDS for Vascepa to Health Canada. The NDS is currently undergoing screening for filing acceptance by Health Canada. A response to the NDS from Health Canada is expected to be received by the end of the fourth quarter of 2019. If Vascepa is approved for use in Canada, the Company expects to launch Vascepa in the first quarter of 2020 supported initially by approximately 16 specialty sales representatives across Canada.

As of March 31, 2019, the Company had capitalized approximately \$8.4 million for Vascepa (consisting of (i) an up-front payment of \$5.0 million, (ii) a milestone payment of \$2.5 million related to the positive Reduce-It trial results and (iii) related costs since September 2017 of \$0.9 million, including on preparation of the Canadian regulatory submission). The Company has also incurred expenses of \$0.5 million (\$0.3 million in 2018 and \$0.2 million in Q1 2019) for pre-commercialization activities relating to Vascepa. The Company anticipates that the remaining expenditures for Vascepa will consist of up to \$1.0 million to support the regulatory approval process and between \$3.0 million and \$6.0 million for pre-commercialization activities to prepare for a successful launch of Vascepa in Canada.

CONSOLIDATED CAPITALIZATION

As of May 31, 2019, there were 27,614,580 Common Shares and 3,655,036 preferred shares in the capital of the Company (the “**Preferred Shares**”) outstanding. Upon completion of the Offering (without giving effect to the issuance of Common Shares issuable pursuant to outstanding options or other convertible securities, including the Broker Warrants), there will be an aggregate of 30,333,330 Common Shares issued and outstanding (30,741,143 Common Shares if the Over-Allotment Option is exercised in full). A summary of the terms of the Common Shares and the Preferred Shares can be found in the Annual Information Form, which is incorporated by reference in this Prospectus.

The following table sets forth the consolidated capitalization of HLS as at March 31, 2019 on an actual basis and on a pro forma basis as adjusted to give effect to the Offering (assuming no exercise of the Over-Allotment Option). This table is presented and should be read in conjunction with the Interim Financial Statements.

Consolidated Capitalization in thousands of United States dollars	As at March 31, 2019 before giving effect to the Offering	As at March 31, 2019 after giving effect to the Offering⁽¹⁾
Indebtedness⁽²⁾	\$113,558	\$113,558
Shareholders’ Equity	\$156,956	\$187,347
Total capitalization	\$270,514	\$300,905

Notes:

- (1) Gives effect to the issuance of 2,718,750 Common Shares at C\$16.00 per Common Share after deducting the Underwriters’ Fee of C\$2,392,500 and before deducting expenses of the Offering. The net proceeds of the Offering were converted to United States dollars at the rate of exchange reported by the Bank of Canada for May 31, 2019, being C\$1.00 = US\$0.7393.
- (2) Indebtedness is comprised of the short-term and long-term senior secured term loan liability, purchase consideration and capitalized lease obligations.

PLAN OF DISTRIBUTION

Pursuant to an underwriting agreement dated May 21, 2019 between the Company and the Underwriters (the “**Underwriting Agreement**”), the Company has agreed to sell and the Underwriters have severally agreed to purchase on the Closing Date, an aggregate of 2,718,750 Offered Shares at a purchase price of C\$16.00 per Offered Share, payable in cash to the Company by the Underwriters against delivery of the Offered Shares for aggregate gross proceeds of C\$43,500,000. The Underwriters will receive the Underwriters’ Fee of C\$2,392,500 (or 5.5% of the gross proceeds of the Offering), excluding any fees payable pursuant to the Over-Allotment Option. In addition, the Company has agreed to grant such number of Broker Warrants to the Underwriters, or as they may direct, as is equal to 5.5% of the aggregate number of Offered Shares issued pursuant to the Offering (including any Over-Allotment Shares issued pursuant to the exercise of the Over-Allotment Option). Each Broker Warrant will be exercisable for a period of 24 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 Broker Warrants.

In addition, the Company has granted to the Underwriters the Over-Allotment Option exercisable in whole or in part at any one time for a period of 30 days from the closing of the Offering to purchase up to 407,813 Over-Allotment Shares on the same terms as set forth above. The Underwriting Agreement provides that the Company will pay the Underwriters the Underwriters’ Fee of C\$0.88 per Over-Allotment Share with respect to Over-Allotment Shares issued under the Over-Allotment Option. This Prospectus qualifies the grant of the Over-Allotment Option and the issuance of Over-Allotment Shares on the exercise of the Over-Allotment Option. A purchaser who acquires Common Shares forming part of the Underwriters’ over-allocation position acquires those Common Shares under this Prospectus, regardless of whether the over-allocation position is ultimately filled through the exercise of the Over-Allotment Option or secondary market purchases. In the event that the Over-Allotment Option is exercised in full, the

aggregate Underwriters' Fee shall be C\$2,751,375 and a total of 171,961 Broker Warrants will be issued to the Underwriters in connection with the Offering. A total of C\$2,392,496 (C\$2,751,376 if the Over-Allotment Option is exercised in full) will be received by the Company in the event of the exercise of all of the Broker Warrants issued in connection with the Offering.

The Offering Price was determined by negotiation between the Company and the Co-Lead Underwriters. The Underwriters propose to offer the Offered Shares initially at the Offering Price. After the Underwriters have made a reasonable effort to sell all of the Offered Shares at the Offering Price, the Offering Price may be decreased and may be further changed from time to time to an amount not greater than the Offering Price, and the compensation realized by the Underwriters will be decreased by the amount that the aggregate price paid by purchasers to the Underwriters for the Offered Shares is less than the price paid by the Underwriters to the Company.

The obligations of the Underwriters under the Underwriting Agreement are several and may be terminated at their discretion pursuant to "regulatory out", "material adverse change out", "disaster out" and "material breach out" provisions and upon the occurrence of certain other stated events. The Underwriters are, however, severally obligated to take up and pay for all of the Offered Shares that they have agreed to purchase if any of the Offered Shares are purchased under the Underwriting Agreement.

The TSX has conditionally approved the listing of the Offered Shares and the Broker Warrant Shares described in this Prospectus. Listing is subject to the Company fulfilling all of the requirements of the TSX on or before August 19, 2019.

Under the Underwriting Agreement, the Company has agreed that it will not, without the prior written consent of the Co-Lead Underwriters, on behalf of the Underwriters, such consent not to be unreasonably withheld or delayed, issue or sell (or agree or announce any such agreement to issue or sell), directly or indirectly (except in certain limited circumstances), 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. In addition, each of the Company's directors and executive officers will agree, in a lock-up agreement to be executed on or prior to the Closing Date, that for a period of 90 days following the Closing Date (the "**Lock-Up Period**"), without the consent of the Co-Lead Underwriters, on behalf of the Underwriters, such consent not to be unreasonably withheld or delayed, that they will not, directly or indirectly, issue or sell (or agree or announce any such agreement to issue or sell), directly or indirectly (except in certain limited circumstances), any Common Shares or other securities convertible into, exchangeable for or exercisable to acquire any Common Shares for the period up to and including 90 days after the Closing Date, except in respect of a bona fide take-over bid or any other similar transaction made generally to all of the shareholders of the Corporation, provided that, in the event the change of control or other similar transaction is not completed, such securities shall remain subject to such lock-up agreement. The Co-Lead Underwriters have agreed that they will, on behalf of the Underwriters, consent to the sale by William Wells (the Company's Executive Chairman) of up to 200,000 Common Shares during the Lock-Up Period.

The Offered Shares have not been, and will not be, registered under the U.S. Securities Act or the securities laws of any state of the United States and, accordingly, may not be offered, sold or delivered, directly or indirectly, in the United States except in accordance with the Underwriting Agreement and pursuant to an exemption from registration under the U.S. Securities Act and applicable U.S. state securities laws.

In addition, until 40 days after the commencement of the Offering, an offer or sale of the Offered Shares within the United States by any dealer (whether or not participating in the Offering) may violate the registration requirements of the U.S. Securities Act if such offer or sale is made otherwise than in accordance with an exemption from registration under the U.S. Securities Act.

Subscriptions for the Offered Shares 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. The Offering will be conducted under the NCI system. Offered Shares registered in the name of CDS or its nominee will be deposited electronically with CDS on an NCI basis at closing. A subscriber who purchases Offered Shares will generally only receive a customer confirmation from the registered dealer from or through whom Offered Shares are purchased and who is a CDS participant.

In accordance with rules and policy statements of certain Canadian securities regulators, the Underwriters 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. 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 Underwriters at any time.

United Kingdom

This Prospectus is only being distributed to and is only directed at (i) persons who are outside the United Kingdom or (ii) investment professionals falling within Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005 (the “**Order**”) or (iii) high net worth entities, and other persons to whom it may lawfully be communicated, falling within Article 49(2)(a) to (d) of the Order (all such persons together being referred to as “**relevant persons**”). The Offered Shares are only available to, and any invitation, offer or agreement to subscribe, purchase or otherwise acquire such Offered Shares will be engaged in only with, relevant persons. Any person who is not a relevant person should not act or rely on this document or any of its contents.

European Economic Area

In relation to each Member State of the European Economic Area which has implemented the Prospectus Directive (each, a “**Relevant Member State**”), an offer of securities described in this Prospectus may not be made to the public in that Relevant Member State prior to the publication of a prospectus in relation to the securities which has been approved by the competent authority in that Relevant Member State or, where appropriate, approved in another Relevant Member State and notified to the competent authority in that Relevant Member State, all in accordance with the EU Prospectus Directive, except that an offer of the Offered Shares described in this Prospectus be made to the public in that Relevant Member State at any time:

- to any legal entity which is a qualified investor as defined under the EU Prospectus Directive;
- to fewer than 150 natural or legal persons (other than qualified investors as defined in the EU Prospectus Directive); or
- in any other circumstances falling within Article 3(2) of the EU Prospectus Directive;

provided that no such offer of Offered Shares described in this Prospectus shall result in a requirement for the publication of a prospectus pursuant to Article 3 of the EU Prospectus Directive.

For the purposes of this provision, the expression an “**offer of securities to the public**” in relation to any securities in any Relevant Member State means the communication in any form and by any means of sufficient information on the terms of the offer and the securities to be offered so as to enable an investor to decide to purchase or subscribe for the securities, as the same may be varied in that Member State by any measure implementing the EU Prospectus Directive in that Member State. The expression “**EU Prospectus Directive**” means Directive 2003/71/EC (and any amendments thereto, including the 2010 PD Amending Directive, to the extent implemented in the Relevant Member State) and includes any relevant implementing measure in each Relevant Member State, and the expression “**2010 PD Amending Directive**” means Directive 2010/73/EU.

USE OF PROCEEDS

The net proceeds to the Company from the Offering, after deducting the Underwriters’ Fee and before deducting the expenses of the Offering (estimated to be C\$850,000), will be C\$41,107,500 (or approximately C\$47,273,633 if the Over-Allotment Option is exercised in full).

The Company’s strategy is to acquire (either through acquisitions, in-licensing or similar arrangements) a diversified portfolio of branded pharmaceutical products for commercialization in North American markets.

Consistent with this strategy, the Company intends to use the net proceeds of the Offering primarily for business development purposes, including the acquisition of companies and/or the acquisition or in-licensing of, or similar arrangements with respect to, products, in each case that will further diversify the Company’s portfolio of branded pharmaceutical products. The Company expects that any proceeds that are not used for such purposes will be used to support the launch of its growing pipeline of products and for general corporate purposes and working capital.

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. See “Risk Factors”. The Company regularly evaluates potential acquisition opportunities and does not currently have any arrangements or commitments with respect to any particular transaction.

PRIOR SALES

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

Date Issued	Type of Security	Number of Securities Issued	Issue/Exercise Price Per Common Share
August 22, 2018	Stock Options	538,515	C\$8.34

TRADING PRICE AND VOLUME

The Common Shares were listed on the TSX Venture Exchange (the “TSXV”) and commenced trading under the symbol “HLS” on March 14, 2018. On February 7, 2019, HLS completed its graduation to the TSX and the Common Shares commenced trading on the TSX under the symbol “HLS”. In connection with graduation to the TSX, the Common Shares were voluntarily delisted from the TSXV. The following table sets forth, for the periods indicated, the reported high and low prices and the aggregate volume of trading of the Common Shares on the TSXV or TSX, as applicable.

	High (C\$)	Low (C\$)	Volume
2018			
May.....	9.99	8.71	179,356
June.....	10.05	9.35	111,377
July.....	9.60	8.70	161,545
August.....	8.75	8.20	423,495
September.....	13.85	7.69	1,923,914
October.....	16.08	13.25	1,144,668
November.....	16.75	15.00	1,367,786
December.....	15.69	14.26	168,873
2019			
January.....	14.66	13.00	2,266,618
February.....	15.59	13.50	716,627
March.....	16.01	14.90	323,593
April.....	16.85	16.24	703,519
May.....	18.03	15.75	473,900

(Source: TMX Datalink)

CERTAIN CANADIAN FEDERAL INCOME TAX CONSIDERATIONS

In the opinion of Blake, Cassels & Graydon LLP, counsel to the Company, and Baker & McKenzie LLP, counsel to the Underwriters (collectively, “Legal Counsel”), the following is, as of the date hereof, a summary of the

principal Canadian federal income tax considerations generally applicable to a holder who acquires the Common Shares pursuant to this Prospectus and who, for the purposes of the Tax Act and at all relevant times, (i) holds the Common Shares as capital property, (ii) deals at arm's length with the Company and each of the Underwriters, (iii) is not affiliated with the Company or any of the Underwriters, and (iv) is entitled to all payments made in respect of the Common Shares (including dividends) (a "**Holder**"). Generally, the Common Shares will be considered to be capital property to a Holder provided that the Holder does not hold the Common Shares in the course of carrying on a business of trading or dealing in securities and has not acquired the Common Shares in one or more transactions considered to be an adventure or concern in the nature of trade.

This summary is based upon the provisions of the Tax Act in force as of the date hereof, all specific proposals to amend the Tax Act that have been publicly announced by or on behalf of the Minister of Finance prior to the date hereof (the "**Proposed Amendments**") and Legal Counsel's understanding of the current administrative policies and assessing practices of the Canada Revenue Agency made publicly available prior to the date hereof. This summary assumes the Proposed Amendments will be enacted in the form proposed, however, no assurance can be given that the Proposed Amendments will be enacted in the form proposed, if at all. This summary is not exhaustive of all possible Canadian federal income tax considerations and, except for the Proposed Amendments, does not take into account any changes in the law or administrative policy or assessing practice, whether by legislative, governmental or judicial action or decision, nor does it take into account other federal or any provincial, territorial or foreign tax considerations, which may differ significantly from those discussed herein.

This summary is of a general nature only and is not intended to be, nor should it be construed to be, legal or tax advice to any particular holder or prospective holder of the Common Shares, and no representations with respect to the income tax consequences to any holder or prospective holder are made. Consequently, holders and prospective holders of the Common Shares should consult their own tax advisors with respect to their particular circumstances.

Holders Resident in Canada

This portion of the summary applies to a Holder who, at all relevant times, for purposes of the Tax Act, is or is deemed to be resident in Canada (a "**Canadian Holder**"). Certain holders of the Common Shares who are residents of Canada and who might not otherwise be considered to hold their Common Shares as capital property may, in certain circumstances, be entitled to have the Common Shares and all other "Canadian securities" (as defined in the Tax Act) owned by such holders in the taxation year of the election and any subsequent taxation year treated as capital property by making the irrevocable election permitted by subsection 39(4) of the Tax Act. Holders should consult their own tax advisors regarding this election.

This portion of the summary is not applicable to a holder (i) that is a "financial institution" (as defined in the Tax Act for the purposes of the mark-to-market rules), (ii) an interest in which would be a "tax shelter investment" (as defined in the Tax Act), (iii) that is a "specified financial institution" (as defined in the Tax Act), (iv) that has elected to report its "Canadian tax results" (as defined in the Tax Act) in a currency other than Canadian currency, or (v) that has entered or will enter into a "derivative forward agreement" (as defined in the Tax Act) with respect to the Common Shares. Any such holder should consult its own tax advisor with respect to an investment in the Common Shares.

This portion of the summary does not address the possible application of the "foreign affiliate dumping" rules in section 212.3 of the Tax Act to a Canadian Holder that is a corporation and that is or becomes, or does not deal at arm's length for purposes of the Tax Act with a corporation resident in Canada that is or becomes, as part of a transaction or event or series of transactions or events that includes the acquisition of the Common Shares, 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 the purposes of section 212.3 of the Tax Act. Such holders should consult their own tax advisors with respect to the possible application of these rules.

In addition, this summary does not address the deductibility of interest by a Canadian Holder who has borrowed money or otherwise incurred debt in connection with the acquisition of the Common Shares.

Dividends on Common Shares

Dividends received or deemed to be received on the Common Shares by a Canadian Holder will be included in the Canadian Holder's income. In the case of a Canadian Holder that is an individual (other than certain trusts), such dividends will be subject to the gross-up and dividend tax credit rules applicable to taxable dividends received by individuals from taxable Canadian corporations, including the enhanced dividend tax credit rules applicable to any dividends (including deemed dividends) designated by the Company as "eligible dividends" in accordance with the Tax Act.

Dividends received or deemed to be received on the Common Shares by a Canadian Holder that is a corporation will generally be deductible in computing its taxable income, subject to the detailed rules in the Tax Act. In certain circumstances, however, a dividend received (or deemed to be received) by a Canadian Holder that is a corporation may be deemed to be a capital gain or proceeds of a disposition potentially giving rise to a capital gain. Canadian Holders that are corporations should consult their own tax advisors having regard to their own particular circumstances.

A Canadian Holder that is a "private corporation", as defined in the Tax Act, or any other corporation controlled by or for the benefit of an individual (other than a trust) or a related group of individuals (other than trusts), will generally be liable to pay a refundable tax under Part IV of the Tax Act on dividends received (or deemed to be received) on the Common Shares to the extent such dividends are deductible in computing its taxable income for the taxation year.

Dispositions of Common Shares

A Canadian Holder who disposes of or is deemed to dispose of a Common Share will generally realize a capital gain (or sustain a capital loss) to the extent that the proceeds of disposition, net of any reasonable costs of disposition, exceed (or are less than) the adjusted cost base of such share to such Canadian Holder. For the purposes of determining the adjusted cost base to a Canadian Holder of Common Shares acquired at any time, the cost of such Common Shares will be averaged with the adjusted cost base of any other Common Shares owned by the Canadian Holder as capital property at that time.

Taxation of Capital Gains and Capital Losses

Generally, one-half of any capital gain (a "taxable capital gain") realized by a Canadian Holder in a taxation year must be included in the Canadian Holder's income for the year, and one-half of any capital loss (an "allowable capital loss") realized by a Canadian Holder in a taxation year must be deducted from taxable capital gains realized by the Canadian Holder in that 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 against net taxable capital gains realized in such years, to the extent and under the circumstances described in the Tax Act.

The amount of any capital loss realized by a Canadian Holder that is a corporation on the disposition of a Common Share may be reduced by the amount of dividends received or deemed to be received by it on such Common Share, to the extent and under the circumstances described by the Tax Act. Similar rules may apply where a Common Share is owned by a partnership or trust of which a corporation, trust or partnership is a member or beneficiary. Such Canadian Holders should consult their own tax advisors.

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 a refundable tax on its "aggregate investment income", which is defined in the Tax Act to include an amount in respect of taxable capital gains.

Alternative Minimum Tax

Capital gains realized by, and dividends received or deemed to be received by, an individual (including certain trusts) may give rise to liability for alternative minimum tax as calculated under the detailed rules set out in the Tax Act. Canadian Holders who are individuals should consult their own tax advisors in this regard.

Holders Not Resident in Canada

This portion of the summary applies to a Holder who, at all relevant times, for purposes of the Tax Act (i) is neither resident nor deemed to be resident in Canada, and (ii) does not, and is not deemed to, use or hold the Common Shares in a business carried on in Canada (a “**Non-Canadian Holder**”). In addition, this portion of the summary does not apply to an insurer who carries on an insurance business in Canada and elsewhere or to an “authorized foreign bank” for the purposes of the Tax Act.

Dividends on Common Shares

Any dividends paid or credited, or deemed to be paid or credited, on the Common Shares to a Non-Canadian Holder will be subject to Canadian withholding tax at the rate of 25% of the gross amount of the dividend unless the rate is reduced under the provisions of an applicable income tax convention between Canada and the Non-Canadian Holder’s country of residence and of which the Non-Canadian Holder is entitled to applicable benefits. For instance, where the Non-Canadian Holder is a resident of the United States for the purposes of, and is entitled to applicable benefits under, the Canada-United States Income Tax Convention (1980), as amended, and is the beneficial owner of the dividends, the rate of Canadian withholding tax applicable to dividends is generally reduced to 15%.

Disposition of Common Shares

A Non-Canadian Holder will not be subject to tax under the Tax Act in respect of any capital gain realized by such Non-Canadian Holder on a disposition of a Common Share unless such share constitutes “taxable Canadian property” (as defined in the Tax Act) of the Non-Canadian Holder at the time of disposition and the Non-Canadian Holder is not entitled to relief under an applicable income tax convention.

As long as the Common Shares are then listed on a designated stock exchange (which currently includes the TSX), the Common Shares generally will not constitute taxable Canadian property of a Non-Canadian Holder, unless at any time during the 60-month period immediately preceding the disposition of the Common Shares both of the following conditions are met: (i) (a) the Non-Canadian Holder, (b) persons with whom the Non-Canadian Holder did not deal at arm’s length, (c) partnerships in which the Non-Canadian Holder or a person described in (b) holds a membership interest directly or indirectly through one or more partnership, or (d) any combination of the persons and partnerships described in (a) through (c), owned 25% or more of the issued shares of any class of the capital stock of the Company, and (ii) more than 50% of the fair market value of the Common Shares was derived directly or indirectly from one or any combination of: (w) real or immovable property situated in Canada; (x) Canadian resource properties; (y) timber resource properties; and (z) options in respect of, or interests in or for civil law rights in, property described in (w) to (y). Notwithstanding the foregoing, in certain circumstances set out in the Tax Act, Common Shares which are not otherwise taxable Canadian property could be deemed to be taxable Canadian property. A Non-Canadian Holder contemplating a disposition of Common Shares that may constitute taxable Canadian property should consult a tax advisor prior to such disposition.

RISK FACTORS

An investment in the Offered Shares is subject to a number of risks, including those set forth herein and in the Annual Information Form which is incorporated by reference herein. Prospective investors should carefully consider these risks, in addition to information contained in this Prospectus and the information incorporated by reference herein, before purchasing Offered Shares.

Return on Investment is Not Guaranteed

There can be no assurance regarding the amount of income to be generated by the Company. The Offered Shares are 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 an Offered Share 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.

Completion of the Offering is Subject to Conditions.

The completion of the Offering remains subject to satisfaction of a number of conditions, including approval of the Offering by the TSX. There can be no certainty that the Offering will be completed.

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. The failure by management to apply these funds effectively could have a material adverse effect on the business of the Company.

Enforcement of Judgments Against Foreign Persons may not be Possible

Canadian investors should be aware that each of the Non-Resident Directors (as defined herein) resides outside of Canada; as a result, it may not be possible for purchasers of the Offered Shares to effect service of process within Canada upon the Non-Resident Directors. All or a substantial portion of the assets of each of the Non-Resident Directors are likely to be located outside of Canada and, as a result, it may not be possible to satisfy a judgment against the Non-Resident Directors in Canada or to enforce a judgment obtained in Canadian courts against the Non-Resident Directors outside of Canada.

LEGAL MATTERS

Certain legal matters in connection with the issue and sale of the Offered Shares offered by this Prospectus will be passed upon on behalf of the Company by Blake, Cassels & Graydon LLP and on behalf of the Underwriters by Baker & McKenzie 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 Baker & McKenzie LLP, as a group, own, directly or indirectly, less than 1% of each class of outstanding securities of the Company.

Ernst and Young LLP are the auditors of the Company and have confirmed that they are independent with respect to the Company within the meaning of the CPA Code of Professional Conduct of the Chartered Professional Accountants of Ontario.

AUDITORS AND TRANSFER AGENT AND REGISTRAR

Ernst and Young LLP, Chartered Professional Accountants, located at 100 Adelaide Street West, Toronto, Ontario, M5H 0B3, are the external auditors of the Company.

The transfer agent and registrar for the Common Shares is Computershare Investor Services Inc. 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.

William Wells, Don DeGolyer and Laura A. Brege (collectively, the “**Non-Resident Directors**”) are directors of the Company who reside outside of Canada. Each of the Non-Resident Directors has appointed the Company as his or her agent for service of process. The Company’s address for service of process is 10 Carlson Court, Suite 701, Etobicoke, Ontario M9W 6L2.

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.

CERTIFICATE OF THE COMPANY

Dated: June 3, 2019

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, except Quebec.

HLS THERAPEUTICS INC.

(signed) Greg Gubitiz

By: Greg Gubitiz
Chief Executive Officer

(signed) Tim Hendrickson

By: Tim Hendrickson
Chief Financial Officer

On behalf of the Board of Directors

(signed) William Wells

By: William Wells
Director

(signed) J. Spencer Lanthier

By: J. Spencer Lanthier
Director

CERTIFICATE OF THE UNDERWRITERS

Dated: June 3, 2019

To the best of our 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, except Quebec.

GMP SECURITIES L.P.

(signed) Steve Ottaway

By: Steve Ottaway

BLOOM BURTON SECURITIES INC.

(signed) Jolyon Burton

By: Jolyon Burton

CLARUS SECURITIES INC.

(signed) Robert Orviss

By: Robert Orviss

PI FINANCIAL CORP.

(signed) Vay Tham

By: Vay Tham