

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. 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. Accordingly, these securities may not be offered or sold within the United States or to, or for the account or benefit of any, U.S. persons (as such term is defined in Regulation S under the U.S. Securities Act), except pursuant to transactions exempt from registration under the U.S. Securities Act and applicable state securities laws. This short form prospectus does not constitute an offer to sell or a solicitation of an offer to sell or a solicitation of an offer to buy any of these securities within the United States. See “Plan of Distribution”.

No securities regulatory authority has expressed an opinion about these securities and it is an offence to claim otherwise. 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 secretary of Valeo Pharma Inc. at 16667, Hymus Blvd. Kirkland, Quebec H9H 4R9, Attention: Guy-Paul Allard (telephone: (514) 693-8832), and are also available electronically at www.sedar.com.

SHORT FORM PROSPECTUS

New Issue

September 2, 2020



VALEO PHARMA®

VALEO PHARMA INC.

\$6,000,000

5,000,000 Units

Price: \$1.20 per Unit

This short form prospectus (the “**Prospectus**”) qualifies the distribution (the “**Offering**”) of an aggregate of 5,000,000 units (each a “**Unit**”) of Valeo Pharma Inc. (the “**Company**” or “**Valeo**”) at a price of \$1.20 per Unit (the “**Offering Price**”), with each Unit consisting of one class A share in the capital of the Company (a “**Share**”) and one half of one share purchase warrant of the Company (each whole share purchase warrant, a “**Warrant**”).

Each Warrant is exercisable into one Share in the capital of the Company (a “**Warrant Share**”) at the price of \$1.50 per Warrant Share, subject to adjustment, on or prior to 5:00 p.m. (Montreal time) on the date that is 24 months after the date of Closing (as hereinafter defined). If, at any time prior to the expiry date of the Warrants, the closing trading price of the Shares on the Canadian Securities Exchange (the “**CSE**”) equals or exceeds \$2.00 for a period of ten consecutive trading days, the Company may anytime thereafter deliver a notice (the “**Accelerated Exercise Notice**”) to the holders of Warrants accelerating the expiry date of the Warrants to the date that is 30 days following the date of such Accelerated Exercise Notice (the “**Accelerated Exercise Period**”). The Company will also issue a press release on the same date as it issues the Accelerated Exercise Notice confirm the new expiry date of the Warrants. Any unexercised Warrants shall automatically expire at the end of the Accelerated Exercise Period.

The Offering is being made on a “bought deal” basis pursuant to an underwriting agreement dated August 26, 2020 (the “**Underwriting Agreement**”) among the Company and Stifel Nicolaus Canada Inc. (the “**Lead Underwriter**”) as lead underwriter and Desjardins Securities Inc., Industrial Alliance Securities Inc. and Mackie Research Capital Corporation (together with the Lead Underwriter, the “**Underwriters**”). The Offering Price was determined by negotiation between the Company and the Underwriters.

The Company is a corporation existing under the *Canada Business Corporations Act* (“**CBCA**”). The currently issued and outstanding Shares are listed and posted for trading on the CSE under the symbol “VPH”. The closing price of the Shares on the CSE on September 2, 2020 was \$1.20. The Company intends to apply to list the Warrants, the Shares and the Warrant Shares underlying each of the Units and the Additional Units (as defined herein) to be distributed under this Prospectus on the CSE. Listing will be subject to the Company fulfilling all of the listing requirements of the CSE.

	<u>Price to the Public</u>	<u>Underwriters’ Fee⁽¹⁾</u>	<u>Net Proceeds to the Company⁽²⁾</u>
Per Unit	\$1.20	\$0.084	\$1.116
Total ⁽³⁾	\$6,000,000	\$420,000	\$5,580,000

Notes:

- (1) Pursuant to the terms of the Underwriting Agreement, and in consideration of the services rendered by the Underwriters in connection with the Offering, the Underwriters will receive an aggregate fee (the “**Underwriters’ Fee**”) equal to 7.0% of the gross proceeds from the Offering, subject to a reduced Underwriters’ Fee payable in connection with the proceeds received from purchasers under the Company’s president’s list (the “**President’s List**”) (subject to a maximum of \$1,000,000), equal to 3.5% of the gross proceeds received from such purchasers. The Company will also pay the Underwriters a fee equal to \$0.084 per Additional Unit (as defined herein) sold by the Company if the Over-Allotment Option (as defined herein) is exercised. In addition, the Company will grant the Underwriters, on the date of Closing, non-transferable broker warrants (the “**Broker Warrants**”) equal to 7.0% of the total number of Units sold under the Offering (including in respect of any exercise of the Over-Allotment Option), subject to a reduced number of Broker Warrants in connection with the Units sold to purchasers on the President’s List, equal to 3.5% of the total number of Units sold to purchasers under the President’s List. Each Broker Warrant will entitle the holder thereof to purchase one Unit (a “**Compensation Unit**”) at an exercise price of \$1.20 per Compensation Unit at any time prior to 5:00 p.m. (Montreal time) until the date which is 18 months after the date of Closing. Each Compensation Unit consists of one Share and one half of one Warrant. This Prospectus also qualifies the distribution of the Broker Warrants (and the underlying securities thereof). See “*Plan of Distribution*”.
- (2) Assuming no Units are purchased by investors on the President’s List, but before deducting expenses of the Offering, estimated at \$275,000 (exclusive of all applicable taxes), 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 time and from time to time up to 30 days after the Closing, to purchase up to an additional 750,000 Units (the “**Additional Units**”) at the Offering Price solely to cover over-allotments, if any, and for market stabilization purposes. If Over-Allotment Option is exercised in full, and assuming no Units are purchased by investors on the President’s List, the total price to the public, the Underwriters’ Fee and net proceeds to the Company (before deducting expenses of the Offering) will be \$6,900,000, \$483,000 and \$6,417,000. This Prospectus qualifies the distribution of the Over-Allotment Option and the Additional Units issuable on the exercise thereof. A purchaser who acquires Additional Units forming part of the Underwriters’ over-allocation position acquires those Additional Units 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. See “*Plan of Distribution*”.

The following table sets out the maximum number of securities under options issuable to the Underwriters in connection with the Offering.

	<u>Maximum Size or Number of Securities Available</u>	<u>Exercise Period or Acquisition Date</u>	<u>Net Proceeds to the Company</u>
Over-Allotment Option	750,000 Additional Units	At any time and from time to time up to 30 days after Closing	\$1.116 per Additional Unit
Compensation Options ⁽¹⁾	402,500 Broker Warrants	At any time and from time to time up to 18 months after Closing	\$1.20 per Compensation Unit

Note:

- (1) Assumes no Units are purchased under the President’s List.

The Underwriters, as principals, conditionally offer the Units, subject to prior sale and if, as and when issued by the Company and accepted by the Underwriters in accordance with the terms and 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 McMillan LLP and on behalf of the Underwriters by Fasken Martineau DuMoulin LLP.

Subject to applicable laws, the Underwriters may, in connection with the Offering, over-allot or effect transactions that stabilize or maintain the market price of the Units at levels other than those that might otherwise prevail on the open market. Such transactions, if commenced, may be discontinued at any time. See “*Plan of Distribution*”.

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. The Offering will be effected only through the book-based system administered by CDS Clearing and Depository Services Inc. (“**CDS**”). Units must be purchased or transferred through a CDS participant and all rights of holders of Units must be exercised through, and all payments or other property to which such holder is entitled will be made or delivered by, CDS or the CDS participant through which the holder of Units holds such Units. Beneficial owners of Units will not, except in certain limited circumstances as required by law, be entitled to receive physical certificates evidencing their ownership of Units. See “*Plan of Distribution*”.

The closing of the Offering (the “**Closing**”) is expected to take place on or around September 10, 2020 or such other date as the Company and the Underwriters may agree, but in any event no later than the date that is 90 days following the filing of this short form prospectus (the “**Closing Date**”).

An investment in the Units is highly speculative and involves significant risks that should be carefully considered by prospective investors. The risks outlined in this Prospectus and in the documents incorporated herein by reference should be carefully reviewed and considered by prospective investors. See “*Risk Factors*” and “*Cautionary Note Regarding Forward-Looking Statements*”. Potential investors are advised to consult their own legal counsel and other professional advisers in order to assess income tax, legal and other aspects of this investment.

Prospective investors should rely only on the information contained in or incorporated by reference in this Prospectus. Neither the Company nor the Underwriters has authorized any other person to provide prospective investors with any different or additional information, other than the documents filed as “Marketing Materials” under the Company’s profile on the System for Electronic Document Analysis and Retrieval (“**SEDAR**”) at www.sedar.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. Neither the Company nor the Underwriters are making an offer to sell Units in any jurisdiction where such an offer or sale is prohibited. Unless otherwise stated, 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, prospects, financial condition and results of operations may have changed since the date of this Prospectus. The Company does not undertake to update the information contained or incorporated by reference herein, except as required by the applicable securities laws.

Michael G. Wells, a director of the Company, resides outside of Canada. Although Mr. Wells has appointed Guy-Paul Allard, the Company’s VP Legal Affairs and Corporate Secretary, at his office located at 16667, Hymus Blvd., Kirkland, QC, H9H 4R9, as his agent for service of process in each province of Canada, it may not be possible for investors to enforce judgement obtained against Mr. Wells.

The Company’s head and registered office is located at 16667, Hymus Blvd. Kirkland, Quebec H9H 4R9 and its telephone number is (514) 694-0150.

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GENERAL MATTERS

In this Prospectus, references to the “**Company**” or “**Valeo**” refer to Valeo Pharma Inc. and, where applicable, its subsidiaries; and “**Shares**” means the class A shares in the capital of the Company.

All currency amounts in this Prospectus are expressed in Canadian dollars, unless otherwise indicated.

Unless otherwise indicated, the disclosure in this Prospectus assumes that the Over-Allotment Option is not exercised and that no Units are purchased under the President’s List.

Unless the context otherwise requires, references to “management” in this Prospectus means the persons acting in the capacities of the Company’s Chief Executive Officer (“**CEO**”) and Chief Financial Officer (“**CFO**”). Any statements in this Prospectus or incorporated by reference herein made by or on behalf of management are made in such persons’ capacities as officers of the Company and not in their personal capacities.

CAUTIONARY NOTE REGARDING FORWARD-LOOKING STATEMENTS

This Prospectus, including the documents incorporated by reference herein, contains “forward-looking information” as defined under Canadian securities laws (collectively, “**forward-looking statements**”). All statements other than statements of historical fact contained in this Prospectus, or in the documents incorporated by reference herein, are forward-looking statements, including, without limitation, the expected tax treatment of an investment in the Units, the Company’s business focus as a Canadian specialty pharmaceutical company and its focus on certain therapeutic areas, the Company’s approach to evaluating product acquisitions, the Company’s statements regarding the Company’s business and the environment in which it operates, the intention of the Company to complete the Offering on the terms and conditions described herein, the expected timing regarding completion of the Offering, the use of proceeds of the Offering, the granting of an over-allotment option in connection with the Offering, the listing of the Shares, Warrants and Warrant Shares on the CSE, the anticipated effect of the Offering on the performance of the Company, the application of the net proceeds of the Offering, the Company’s future growth opportunities, including organic growth and potential acquisitions, the Company’s anticipated positive cash flow position, the Company’s access to sufficient financial resources, including support from its insiders, to fund its operations until sales of new products commence, information with respect to the Company’s future financial and operating performance, the listing of the Shares on the OTCQB market in the United States, the Company’s future development activities and the costs and timing of those activities, the expected approval from Health Canada for Redesca and the commercial availability of the drug shortly thereafter, the distribution in the U.S. of the Company’s Ethacrynate Sodium and the Company’s intent to pursue other out-licensing opportunities in respect thereof, the Company’s acquisition of an undisclosed oncology product, including successful completion of due diligence and the negotiation and execution of a definitive agreement in respect thereof, timing and receipt of approvals, consents and permits under applicable legislation, timing and viability of new product launches, the market position and market size for the Company’s upcoming products, meeting filing and product launch dates, management’s ability to execute product launches and related activities, other product-related objectives and adequacy of financial resources. In certain cases, forward-looking statements can be identified by the use of words such as “plans”, “expects”, “budget”, “scheduled”, “estimates”, “forecasts”, “intends”, “anticipates”, “projects” or “believes”, “pro forma” or variations (including negative and grammatical variations) of such words and phrases or state that certain actions, events or results “may”, “could”, “would”, “might” or “will”, “occur” or “be achieved” and similar words or the negative thereof. Although management of the Company believes that the expectations represented in such forward-looking statements are reasonable, there can be no assurance that such expectations will prove to be correct.

The forward-looking statements in this Prospectus are based on certain assumptions, including without limitation that all conditions to completion of the Offering will be satisfied or waived, and assumptions regarding present and future business strategies and the environment in which the Company will operate in the future, including expected revenues from certain contracts, and the ability of the Company to achieve its goals. They are not guarantees of future performance and involve risks and uncertainties that are difficult to control or predict. A number of factors could cause actual results to differ materially from the results discussed in the forward-looking statements, including, but not limited to, the factors discussed under the heading “*Risk Factors*” in this Prospectus and in the Company’s Annual Information Form (as defined herein) available at www.sedar.com.

There can be no assurance that forward-looking statements will prove to be accurate as actual outcomes and results may differ materially from those expressed in these forward-looking statements. Readers, therefore, should not place undue reliance on any such forward-looking statements. Further, these forward-looking statements are made as of the date of this Prospectus and, except as expressly required by applicable law, the Company assumes no obligation to publicly update or revise any forward-looking statement, whether as a result of new information, future events or otherwise.

This Prospectus, including the documents incorporated by reference herein, contains future-oriented financial information and financial outlook information (collectively, “**FOFI**”) as defined under Canadian securities laws, prepared by management of the Company about the Company’s reasonably estimated prospective results of operations, revenue, cash flows, and components thereof, all of which are subject to the same assumptions, risk factors, limitations, and qualifications as set forth in the above paragraphs. Readers are cautioned that FOFI are not guarantees of future performance, and should not be considered as such, since actual results may differ materially from those expressed in FOFI. The Company and its management believe that FOFI has been prepared on a reasonable basis, reflecting management’s best estimates and judgments. FOFI contained in this Prospectus were made as of the date of this Prospectus and is provided for the purpose of describing management of the Company’s belief of the anticipated effects of the Offering on the Company’s business operations. The Company disclaims any intention or obligation to update or revise any FOFI contained in this Prospectus, whether as a result of new information, future events or otherwise, unless required pursuant to applicable law. Readers are cautioned that the FOFI contained in this document should not be used for purposes other than for which it is disclosed herein.

ELIGIBILITY FOR INVESTMENT

In the opinion of McMillan LLP, counsel to the Company, and Fasken Martineau DuMoulin LLP, counsel to the Underwriters, based on the current provisions of the *Income Tax Act* (Canada) and the regulations thereunder, as amended (collectively, the “**Tax Act**”), the Shares, Warrants and Warrant Shares, if issued on the date hereof, would be “qualified investments” under the Tax Act for a trust governed by a registered retirement savings plan for purposes of the Tax Act (an “**RRSP**”), a registered education savings plan for purposes of the Tax Act (an “**RESP**”), a registered retirement income fund for purposes of the Tax Act (a “**RRIF**”), a registered disability savings plan for purposes of the Tax Act (an “**RDSP**”), a tax-free savings account for purposes of the Tax Act (a “**TFSA**”) or a deferred profit sharing plan for purposes of the Tax Act (each, an “**Exempt Plan**”), provided that (i) in the case of the Shares and the Warrant Shares, such Shares or Warrant Shares, as applicable, are listed on a “designated stock exchange” (as defined in the Tax Act, which currently includes the CSE), and (ii) in the case of the Warrants, either (A) the Warrants are listed on a “designated stock exchange” (as defined in the Tax Act, which currently includes the CSE), or (B) the Warrant Shares are listed on a “designated stock exchange” (as defined in the Tax Act, which currently includes the CSE) and neither the Company, nor any person with whom the Company does not deal at arm’s length for the purposes of the Tax Act, is an annuitant, a beneficiary, an employer or a subscriber under, or a holder of, such Exempt Plan.

Notwithstanding the foregoing, if the Shares, Warrant Shares or Warrants are “prohibited investments” (as defined in the Tax Act) for a trust governed by a TFSA, an RDSP, an RRSP, a RRIF or an RESP, the holder, annuitant or subscriber thereof, as the case may be, will be subject to a penalty tax as set out in the Tax Act. The Shares, Warrant Shares and Warrants will not be “prohibited investments” for a trust governed by a TFSA, an RDSP, an RRSP, a RRIF or an RESP provided the holder, annuitant or subscriber thereof, as the case may be, (i) deals at arm’s length with the Company for purposes of the Tax Act, and (ii) does not have a “significant interest” (as defined in the Tax Act for the purposes of the prohibited investment rules) in the Company. In addition, the Shares and Warrant Shares will not be “prohibited investments” if such securities are “excluded property” (as defined in the Tax Act for the purposes of the prohibited investment rules) for trusts governed by a TFSA, an RDSP, an RRSP, a RRIF or an RESP.

Prospective purchasers who intend to hold Shares, Warrant Shares or Warrants in a trust governed by an Exempt Plan are advised to consult their own tax advisors with respect to the application of these rules in their particular circumstances.

DOCUMENTS INCORPORATED BY REFERENCE

The following documents filed by the Company with the appropriate securities commissions or similar regulatory authorities in each of the provinces and territories of Canada, are specifically incorporated by reference into, and form an integral part of, this Prospectus:

- (a) the annual information form of the Company dated February 25, 2020 for the financial year ended October 31, 2019 (the “**Annual Information Form**”);
- (b) the audited consolidated financial statements of the Company for the financial year ended October 31, 2019 together with the notes thereto and the auditor’s report thereon;
- (c) the audited consolidated financial statements of the Company for the financial year ended October 31, 2018 together with the notes thereto and the auditor’s report thereon;
- (d) management’s discussion and analysis of the financial condition and results of operations of the Company for the financial year ended October 31, 2019;
- (e) management’s discussion and analysis of the financial condition and results of operations of the Company for the financial year ended October 31, 2018;
- (f) the unaudited condensed consolidated interim financial statements of the Company for the six-month period ended April 30, 2020 (“**Interim Financial Statements**”), except for the statements under the heading “Notice of No Auditor Review of Interim Financial Statements”;
- (g) management’s discussion and analysis of the financial condition and results of operations of the Company for the six-month financial period ended April 30, 2020;
- (h) the management information circular of the Company dated March 26, 2020 prepared in connection with the annual general and special meeting of shareholders held on April 29, 2020;
- (i) the amended and restated material change report of the Company dated November 22, 2019 prepared in connection with an amendment to the news release announcing the change of the Company’s auditor;
- (j) the material change report of the Company dated August 26, 2020 prepared in connection with the announcement of the Offering; and
- (k) the template version of the term sheet dated August 20, 2020 for the Offering, filed on SEDAR in connection with the Offering (the “**Marketing Materials**”).

Any documents of the types referred to in the preceding paragraphs (a) through (k), annual information forms, annual financial statements and the auditor’s report thereon and related management’s discussion and analysis, interim financial statements and related management’s discussion and analysis, and any other documents as may be required to be incorporated by reference herein under applicable securities laws, which are filed by the Company with the securities commissions or similar regulatory authorities in each of the provinces and territories of Canada subsequent to the date of this Prospectus and prior to the termination of this distribution shall be deemed to be incorporated by reference in this Prospectus.

Any statement contained in a document incorporated or deemed to be incorporated by reference herein shall 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 such statement. The modifying or superseding statement need not state that it has modified or superseded a prior statement or include any other information set forth in the document or statement that it modifies or supersedes. The making of a modifying or superseding

statement shall 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 was required to be stated or that was necessary to make a statement not misleading in light of the circumstances in which it was made. Any statement so modified or superseded shall not be deemed, except as so modified or superseded, to constitute a part of this Prospectus.

Copies of the documents incorporated herein by reference may be obtained on request without charge from the secretary of the Company at 16667, Hymus Blvd. Kirkland, Quebec H9H 4R9, Attention: Guy-Paul Allard (telephone: (514) 693-8832), and are also available electronically under the Company's SEDAR profile at www.sedar.com.

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" (as defined in National Instrument 41-101 – *General Prospectus Requirements*) filed after the date of this Prospectus and before the termination of the distribution under the Offering (including any amendments to, or an amended version of, the Marketing Materials) is deemed to be incorporated by reference herein.

THE COMPANY

Valeo was incorporated on March 27, 2003 pursuant to the CBCA. The registered office and principal place of business of the Company are located at 16667 Hymus Boulevard, Kirkland, Québec, Canada, H9H 4R9. Valeo has no significant subsidiaries.

From 2003 to 2014, Valeo initially focused on dermatology and hospital products. In 2014, Valeo sold its product portfolio to Valeant Canada L.P. at a sale price that reflected a significant return on invested capital. As a Canadian specialty pharmaceutical company, Valeo is focused on acquiring (either through acquisitions, in-licensing or similar arrangements) innovative, patent protected, pharmaceutical products in specific therapeutic areas for the Canadian market, building a strong diversified pipeline with access to proprietary deal flow, and becoming a licensing partner of choice known for high-quality execution. In select situations, Valeo will also engage in the in-licensing, acquisition of product rights or development of injectable generic products.

As a speciality pharmaceutical company, Valeo believes it possesses the following three general core strengths that will contribute to Valeo becoming a leader in the Canadian market:

- **Product Portfolio and In-Licensing Pipeline:** the Company strives to deploy its capital to create value and maximize cash flow for investors while maintaining strong return metrics across its portfolio;
- **Lean Operating Platform and Scalable Business Model:** the Company has implemented detailed internal reporting and operational controls which include, financial control, supply chain management, sales and marketing expertise, and inventory management; and
- **Management Experience and Network:** the Company has adopted a compensation system which provides alignment between management and shareholders. Management has an entrepreneurial track record of building and selling companies that create shareholder value. The Company has assembled the following management team and board of directors:

Management Team

Steve Saviuk Founder, CEO	Founder and CEO of Valeo since 2003
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Luc Mainville SVP & CFO	Cardiome, Acerus, LAB Research, Enobia, ex-Partner KPMG
Marc Leger SVP, CCO	25 years senior commercial experience at Schering-Plough
Nathalie Therrien VP QA / Regulatory	25+ years QA and Regulatory Affairs, including Head of QC at Sanofi Aventis
Jeffrey Skinner VP BD	20 years of experience in specialty pharmaceuticals and biotech BD
Guy-Paul Allard VP Legal and Corporate Secretary	20+ years of experience in corporate and securities law
Helen Saviuk VP Operations	CPA, previously CFO of Valeo for 10 years

Board of Directors

Richard J. MacKay Chairman	Former Vice-Chairman of Stiefel Laboratories
Vincent P. Hogue	25 years capital markets experience
Michael G. Wells	Princeton Bio Capital Partners, BoD Covis Pharma, previously CEO of Aton Pharma
Maureen C. Brennan	40+ years in private and public health sector including Director General Shriners Hospital
Michel C. Trudeau	Former President and Chief Executive Officer of Laurentian Bank Securities and 25+ years capital markets experience
Steve Saviuk	CEO of Valeo

Overview

Valeo is a Canadian specialty pharmaceutical company focused on acquiring (either through acquisitions, in-licensing or similar arrangements) innovative, patent protected, pharmaceutical products in specific therapeutic areas for the Canadian market, as well as selected drugs.

Valeo's Strategy

We currently focus on the following therapeutic areas:

- Neurology (namely but without limitation, Multiple Sclerosis and Parkinson's Disease)
- Oncology (namely but without limitation Soft Tissue Sarcoma and Ovarian Cancer)
- Hospital Products (namely but without limitation, pain management, including narcotics, anti-infectives and critical care)

Valeo is focused on those therapeutic fields where a relatively small number of general practitioners or specialist physicians account for the majority of prescriptions written. This enables us to use a relatively small salesforce to target these physicians and to profitably capture market share.

This targeted approach may be applied in assessing all innovative pharmaceutical products and is a determinant of whether Valeo will enter a new therapeutic area or add a new product.

Commercial Strategy

Valeo's business strategy is to develop (primarily through in-licensing or similar arrangements and also through targeted acquisitions) a diversified portfolio of branded pharmaceutical products for commercialization in Canada. Valeo's current strategic focus is on the acquisition and distribution of pharmaceuticals that address medical needs in Neurology, Oncology, and Hospital Specialty products.

We have a strong track record of over seventeen (17) years creating partnerships and are well positioned to focus initially on these therapeutic areas and continue to build portfolios to address the needs of specialists in these areas. Where strategically appropriate, Valeo will look to add to its portfolio through acquisitions of products, preferably ones that are already on the market.

In pursuing its strategic objectives, Valeo's management will continue to exercise financial discipline in the management and utilization of cash flows and balance sheet resources to selectively invest in growth opportunities, both through strategic acquisitions as well as organic growth of existing product lines, in order to expand product portfolios and development pipeline in addition to supporting overall enterprise growth.

Product Sourcing

In implementing its product sourcing plans, Valeo relies on the following three main areas of product sourcing:

- **Product Acquisition:** Valeo has a long history of successful product acquisitions in the Specialty Pharma area. We will continue to invest in strategic acquisitions to build on our product portfolio, however will remain selective in the acquisition targets to ensure they are accretive to ongoing activities.
- **Product in-licensing:** As above, Valeo has a strong history of successful partnerships that have been developed through in-licensing. We will continue to search for strategic alliances through in-licensing as long as the financial goals of the Company are met and the product opportunities fit with the commercialization goals of the Company.
- **Internal Product Development:** In select situations, Valeo will engage in the development of injectable generic products. Valeo has a proven track record of developing products from the ground up. This includes all phases of developing and launching a new generic product, from the identification of a target molecule/product, to the registration dossier development and submission, to supply sourcing and the launch of the product.

Growth Strategy

To accomplish the strategic objectives outlined above, Valeo will focus its efforts on the following areas:

- **Continuing to grow sales of existing products in Canada** through: (a) targeted promotional strategies in commercially attractive regions and market sectors, (b) investment in organic growth opportunities such as life cycle management programs, differentiated formulations, and expanded label indications, and (c) the support of innovative programs and technologies that could improve patient compliance and pharmacotherapy success.
- **Obtaining regulatory approval and commercially launching the current portfolio of innovative, in-licensed products in Canada**, where we have obtained exclusive Canadian marketing rights.
- **Acquiring or in-licensing additional products and product rights to commercial or late development stage assets in our target therapeutic areas** where we have deep commercial, clinical and regulatory experience, established relationships with leading institutions and key opinion leaders, and a significant commercial reach.
- **Acquiring new products that allow expansion into new therapeutic areas** with compelling market dynamics, healthcare economics, and long-term growth prospects.
- **Acquisition of products with current Canadian revenue.** Valeo will look for opportunities that add immediate revenue, if they fit strategically with ongoing sales and marketing activities.

Sources of Product Opportunities

Valeo believes that the current industry dynamics have created a number of opportunities for a specialty pharmaceutical company to acquire or license pharmaceutical products to market and distribute profitably. These opportunities can be categorized in the following manner:

- **Regional Pharmaceutical Companies** - U.S., European and Asian specialty pharmaceutical companies, or maturing biotech firms that choose to market proprietary products in their respective territories on their own

generally do not have the sales and marketing capability to market their products in Canada. We believe that we offer a good strategic fit for foreign specialty pharmaceutical companies without a presence in Canada and seek to represent such companies in Canada.

- **Canadian Branch of International Pharmaceutical Companies** – Often these companies divest non-core products from their mature brand portfolios. These opportunities may be too small for multi-national pharma companies, but fit with the growing portfolio of products in Valeo.
- **International Generic Companies** – With the exception of a few large multi-national generic companies, most companies developing and manufacturing Generic Drugs tend to be regional or country focused. As they often do not have Canada on their international expansion plans, Valeo offers a solution by allowing these companies to access the Canadian market without establishing an infrastructure in the country.

At present, Valeo is actively pursuing products that may require substantial capital resources. There are no present agreements or commitments with respect to any such relationships. There can be no assurance that any of those product acquisitions will be completed by Valeo.

The Company uses a number of internal and external sources to identify products for acquisition. Once identified through internal business development efforts and to a lesser extent by consultants, the opportunity must pass a rigorous evaluation to assess viability and fit. This due diligence includes scientific, clinical and commercial screens to further evaluate its fit within the product portfolio and the likelihood of its future success.

Criteria for New Product Acquisition

Valeo maintains an active program to identify potential products for acquisition or licensing. Valeo focuses on currently marketable or late-stage development products in order to mitigate clinical, regulatory and commercial risks. Such products have passed safety and toxicity testing and have demonstrated efficacy in humans and attained their clinical endpoints. Valeo looks for partners that have completed the research, development and manufacturing phases so that we can concentrate on regulatory affairs, market access, sales, marketing, and distribution.

The criteria used for screening development, acquisition, or in-licensing product opportunities are as follows:

Criteria	Description
Revenue Potential	Valeo searches for products with potential revenue in Canada of between \$5 million and \$20 million. This scale generally puts the products below the threshold of interest for the multi-national pharmaceutical companies and allows Valeo to propose reasonable milestone payments for exclusive product rights.
Stage of development	Valeo searches for products that preferably have been registered in a regulated market, such as in the EU and U.S.. Valeo may also look at Products that are in late Phase III with data expected within 6 months following signing.
Investment	Valeo endeavours to structure any investment based on key regulatory milestones, such as approval in Canada as well as commercial milestones. If an upfront is required, it is minimized as much as possible and will only be considered once clinical data has been successfully generated.
Market differentiation	The product must be differentiated from existing marketed pharmaceuticals by providing superior safety, efficacy or pharmaco-economic value.
Fit with current portfolio	The product must generally be marketable through Valeo’s existing or developing sales channels or provide the foundation for a new product area with a clear path to profitability and must complement or supplement Valeo’s existing products.

Current Portfolio

The primary focus of Valeo is to commercialize innovative, branded pharmaceutical products. However, the Company also participates in the generic market. The focus for Generic Drugs will be injectable Hospital Products, and other

hard to source products. Our position in the generic market will be used as a tactical measure to: (i) generate stable and predictable earnings and (ii) counter-balance the inherent longer time cycles involved in developing the market for innovative products.

Valeo’s current product portfolio includes:

Commercial Stage

Products	Indications	Partners	Regulatory, Commercial Status, and other important information
<u>Onstryv®</u> <u>(License)</u>	Indicated as an add-on therapy to a regimen that includes levodopa for the treatment of the signs and symptoms of idiopathic Parkinson’s disease (PD) in patients experiencing “off” episodes while on a stable dose of levodopa. Onstryv® has not been shown to be effective as monotherapy for the treatment of PD.	<i>Zambon S.p.A.</i>	Onstryv® has been marketed since Q3-19 and is expected to reach peak sales within 3-5 years post launch. To date, sales of Onstryv® have met expectations and the product has broad distribution across Canada. On February 6 th , 2020, Valeo received notice of a positive recommendation by INESSS to the Quebec Health Minister (the “ Minister ”) for the inclusion of Onstryv® on the list of drugs covered by the Régie de l’assurance maladie du Québec (“RAMQ”), Quebec public listing is imminent but still pending. It must be noted that despite the positive recommendation by INESSS, the Minister still has discretion and could refuse or delay approval for the listing.
<u>M-Eslon</u> <u>(Distribution Agreement)</u>	Indicated for the management of pain severe enough to require daily, continuous, long-term opioid treatment, and: (i) that is opioid-responsive; and (ii) for which alternative options are inadequate. M-Eslon is not indicated as an as-needed (prn) analgesic.	Ethypharm Inc.	The Company is distributing the product and is recording sales on a gross basis.

Products	Indications	Partners	Regulatory, Commercial Status, and other important information
<u>Yondelis®</u> <u>Trabectedin</u> (license)	<p>YONDELIS® (trabectedin) in combination with CAELYX® (pegylated liposomal doxorubicin hydrochloride (PLD)) is indicated for the treatment of patients with platinum-sensitive ovarian cancer for whom one first-line platinum-based chemotherapy regimen, including adjuvant therapy, has failed, and who are not expected to benefit, are ineligible or not willing to receive retreatment with platinum-based chemotherapy.</p> <p>YONDELIS® (trabectedin) is indicated for the treatment of patients with metastatic liposarcoma or leiomyosarcoma after failure of prior anthracycline and ifosfamide chemotherapy.</p>	PharmaMar S.A.	Commercial launch took place in August 2020. Valeo has licensed the marketing authorization from its partner and the DIN transfer has been authorized by HC on June 2, 2020.
<u>Ametop™</u> <u>Gel 4%</u>	Indicated as a percutaneous local anaesthetic to produce anaesthesia of the skin prior to venepuncture or venous cannulation, including intravenous injections of medications.	Alliance Pharma	Commercial launch took place in July 2020. Valeo has licensed the marketing authorization and the DIN transfer has been authorized by HC in July 2020.
<u>VPI-Ondansetron</u> <u>ODT</u> (License)	Indicated for the prevention of nausea and vomiting associated with emetogenic chemotherapy, including high dose cisplatin, and radiotherapy, and the prevention and treatment of post-operative nausea and vomiting.	European Generic Mfg.	The Company has licensed the marketing rights for Ondansetron ODT which is now commercially available in retail pharmacies across Canada.
<u>VPI-Benzotropine</u> (Distribution)	VPI-Benzotropine is recommended for all etiologic groups of Parkinsonism - arteriosclerotic, postencephalitic, idiopathic and drug-induced. It can be effective at any stage of the disease, even when a patient has become bedridden. Often it is helpful in patients who have become unresponsive to other agents. VPI-Benzotropine is a powerful anticholinergic agent, mainly effective in relieving tremor and rigidity. Many other troublesome signs and symptoms, including sialorrhea, drooling, mask-like facies, oculogyric crises, speech and writing difficulties, dysphagia, gait disturbances, and pain and insomnia due to cramps and muscle spasm are also ameliorated.	Asia/Pacific Generic Mfg.	Marketed in Canada since Q4-18, hospital specialty distribution.

Products	Indications	Partners	Regulatory, Commercial Status, and other important information
<u>VPI-Ethacrynate Sodium</u>	Indicated to increase urination (diuretic) and decrease the swelling caused by fluid retention (oedema) due to heart failure, liver disease or kidney disease.	Owned by Valeo worldwide except for Italy	<u>Canada:</u> Marketed in Canada since Q3-18, hospital specialty distribution. <u>US:</u> Approved by FDA in June 2020. US sales expected to commence in September 2020 via Valeo's US distribution partner.

Pre-launch / Regulatory Stage

Product	Indication	Partner	Regulatory, Commercial Status, and other important information
<u>Hesperco™</u>	Bioflavonoid antioxidant used for immune support	Ingenew Pharma Inc. (“ Ingenew ”)	During Q3-20, the Company entered into a license and collaboration agreement with Ingenew for the worldwide rights to Hesperco™. Valeo has completed the formulation development and manufacturing of Hesperco™. The product has been approved by Health Canada on September 2, 2020.
<u>Redesca</u> (Distribution Agreement)	Anticoagulant Injection	Shenzhen Techdow Pharmaceuticals Co., Ltd.	Health Canada approval expected in Fall 2020. Redesca (low molecular weight heparin) is an injectable anticoagulant biosimilar used to treat and prevent deep vein thrombosis and pulmonary embolism. The Canadian market for LMWH exceeds \$200M on an annual basis (Source: IQVIA, 2019 low-molecular-weight-heparin market).
<u>Pip-Tazo</u> (<i>Piperacillin/tazobactam</i>)	Injectable Antibiotic	European Generic Mfg.	Approved by HC, manufacturing and supply of the API and finished products have been impacted by the COVID-19 outbreak. Valeo now expects to start commercializing the product in the first half of FY-21.
<u>Undisclosed Hospital Product</u>	Injectable Antifungal	Undisclosed	The Company has acquired the Canadian rights to this product not yet approved in Canada. The Product has been filed with HC and approval is expected in Q1-21 with sales to commence mid-2021.
<u>Undisclosed Hospital Product</u>	Injectable Antibiotic	Undisclosed	The Company has acquired the Canadian rights to this product not yet approved in Canada. The Product has been filed with HC and approval is expected in Q1-21 with sales to commence mid-2021.

Other

Product	Indication	Partner	Regulatory, Commercial Status, and other important information
<u>Synacthen Depot</u> (Distribution Agreement)	Indicated for the treatment of certain conditions that are responsive to corticoids, and in tests to find out if the adrenal glands, small glands	Atnahs Pharma UK Limited (“ Atnahs ”)	Valeo marketed this product between 2015 and 2019 for severe multiple sclerosis to approximately 100 neurology specialists across Canada as well as for gout. There is a global supply shortage for this product and Canadian sales have been halted at the end of the Q3-19. We currently have no visibility regarding the end of the product shortage. Once

	next to the kidneys, are working as well as they should.		supply is available, we will meet with HC to ensure the most optimal re-launch of this product.
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Valeo intends to pursue additional product and pipeline opportunities in the areas of Neurology, Oncology and Hospital Specialty Products, and potentially in other therapeutic areas, through targeted business development efforts. Our 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 in Canada.

Our Markets

The majority of Valeo’s business will be in the Canadian market. All products in-licensed to date have included the rights to Canada only. If there is potential for Valeo to license a product for a larger territory, the fit for Canada based on the above criteria, will remain the primary decision driving the partnership.

For Generic Drugs developed by Valeo, we retain the global rights to the product. Ethacrynate Sodium has been developed by Valeo and we own the rights to the product in all territories except Italy. The decision to develop products includes consideration of international markets and the potential return on investment.

RECENT DEVELOPMENTS

In March 2020, the World Health Organization declared a global pandemic related to COVID-19. Various restrictions were imposed by federal, provincial and local governments and by enterprises including travel restrictions, restrictions on public gatherings, stay at home orders, advisories, and quarantining of people who may have been exposed to the virus. To date, the Company has experienced nominal impact for the sales of the Company’s products as a result of the COVID-19 pandemic. In addition, the Company believes that the COVID-19 pandemic may create a significant sales opportunity for Hesperco™ and Redesca. Despite the restrictions affecting the ability of the Company to market its products to the medical community in person, the Company has observed monthly increases in the sales of Onstryv® (for example, August 2020 sales of approximately \$73,000 compared to a monthly average of \$27,000 for the first six months of 2020), with sales of its other products such as Ondansetron and M-Eslon remaining stable. The Company has experienced some delays in securing regulatory approval for Hesperco™, which approval remains pending for over 60 days, as compared to a 30 day review period prior to the COVID-19 pandemic. The Company has not experienced an impact to its product supplies, except for Pip-tazo, which has been delayed for six months. The Company does not anticipate any other supply chain issues arising from the COVID-19 pandemic for the balance of its products.

With regards to revenue recognition, the COVID-19 pandemic has not impacted the Company’s gross to net sales ratio, which ratio reflects the level of product returns and price adjustments (and such factors are tracking pre-pandemic historical trends).

We do not anticipate any impact on the recoverability of our assets. While the COVID-19 pandemic has affected our industry in varying degrees, our clients’ businesses remains stable and the collection of our trade receivables is expected to continue without any negative impacts. Recoverability of our inventory and intangible assets is not expected to be impacted by the COVID-19 pandemic. Further, our terms of payments with suppliers are not being reconsidered and we expect to continue our operations and manage our supply chain in the same manner as we did prior to the COVID-19 pandemic.

The Company is adjusting and adapting to daily changes as a result of the COVID-19 pandemic. In particular, the Company is finding new ways to perform certain activities such as marketing, investor relations and business development. Such activities are now performed via less costly alternative methods such as video-conferencing, and such changes have led to significant operational savings estimated at \$60,000 to \$70,000 per month on average.

On March 17, 2020, the Company announced that it had submitted a New Drug Submission with Health Canada seeking the marketing approval of Redesca, a low molecular weight heparin. The Company expects approval from Health Canada in fall 2020 with commercial availability shortly thereafter.

On April 28, 2020, the Company entered into a licensing agreement with Alliance Pharma plc for the exclusive commercialization rights to Ametop™ Gel (Tetracaine hydrochloride gel) in Canada.

On June 8, 2020, the Company received a Notice of Compliance from Health Canada authorizing the transfer to the Company of the commercial rights to Yondelis®, a novel marine-derived antitumor agent manufactured by PharmaMar S.A., based in Madrid, Spain.

On June 16, 2020, the Company received approval for its Abbreviated New Drug Application from the U.S. Food and Drug Administration for Ethacrynate Sodium 50 mg. The Company's Ethacrynate Sodium will be distributed in the U.S. through its commercial partner. Valeo has been commercializing Ethacrynate Sodium in Canada since the third quarter of 2018 and owns the worldwide rights to the product (except Italy). Valeo intends to pursue Ethacrynate Sodium out-licensing opportunities in other territories.

On July 10, 2020, the Company closed a non-brokered private placement (the "**Debenture Offering**") of 1,700 unsecured non-convertible debenture units (the "**Debenture Units**") at a purchase price of \$1,000 per Debenture Unit for gross proceeds of \$1,700,000. Each Debenture Unit consisted of one 12% unsecured non-convertible debenture of the Company in the principal amount of \$1,000 (each, a "**Debenture**") and 1,500 Class "A" share purchase warrants (each, a "**Debenture Warrant**") both maturing July 10, 2022 (the "**Maturity Date**"). Each Debenture Warrant entitles the holder thereof to purchase one Share at an exercise price of \$0.60 until the Maturity Date. In the event that the average VWAP of the Company's Shares on the CSE over any twenty (20) consecutive trading days is greater or equal to \$1.10, the Company may give notice to the Debenture Warrant holder that it must exercise its remaining Debenture Warrants within a period of 30 days from the date of receipt of the notice, failing which the Debenture Warrants will automatically expire. The net proceeds of the Debenture Offering were used to support the summer launch of four products and for working capital and general corporate purposes Manitex Capital Inc. ("**Manitex**"), the Company's principal shareholder, along with certain senior officers, staff members and three directors of the Company participated in the Debenture Offering for an aggregate amount of \$390,000.

On July 13, 2020, the Company received a Notice of Compliance from Health Canada authorizing the transfer to the Company of the commercial rights to Ametop™.

On July 29, 2020, the Company filed an application to list the Shares on the OTCQB market in the United States. The listing of the Shares on the OTCQB remains subject to the Company fulfilling all of the listing requirements of the OTCQB and any other regulatory requirements.

On August 12, 2020, the Company commenced commercializing Yondelis® in Canada.

On August 24, 2020, the Company announced that it has filed for a Natural Product Licence with Health Canada for its unique bioflavonoid formulation, Hesperco™, containing an antioxidant believed to support the immune system. Ingenew believes that there is a strong scientific and medical rationale for the use of Hesperco™ capsules to support the immune system and potentially fight off symptoms associated with coronaviruses such as the one that causes COVID-19 and will be testing Hesperco™ for reduction of symptoms in patients with COVID-19.

CONSOLIDATED CAPITALIZATION

The following table sets forth the consolidated capitalization of the Company as at April 30, 2020 and the *pro forma* consolidated capitalization of the Company as at April 30, 2020 after giving effect to the Debenture Offering and the Offering. The table should be read in conjunction with the Interim Financial Statements of the Company incorporated by reference in this Prospectus.

	As at April 30, 2020 (unaudited)	As at April 30, 2020 (unaudited – <i>pro forma</i> after giving effect to the Debt Offering and the Offering)
Shares	56,659,423	61,659,423
Warrants	Nil	2,500,000
Listed Warrants	8,339,257	8,339,257
Broker Warrants	Nil	350,000
Debentures	Nil	\$1,700,000
Convertible Debentures	\$1,842,000	\$1,842,000
Debt Warrants	Nil	2,550,000
Line of Credit (as defined herein)	\$1,530,000	Nil
Share capital	\$8,794,000	\$13,614,390

USE OF PROCEEDS

Proceeds

The estimated net proceeds of the Offering to the Company before deducting the estimated expenses of the Offering of \$275,000 and after deducting the Underwriters' Fee of \$420,000 will be \$5,580,000 (assuming no exercise of the Over-Allotment Option). This net proceeds estimate assume no Units are purchased under the President's List.

Principal Purposes

The Company intends to use the net proceeds of the Offering to initially reduce indebtedness under the Company's revolving line of credit (the "**Line of Credit**"), which may be subsequently redrawn and applied as needed to partially fund, along with the balance of the net proceeds, the uses as set forth in the following table:

Principal Purpose	Approximate Use of Proceeds Assuming No Exercise of Over- Allotment Option	Approximate Use of Proceeds Assuming Full Exercise of Over- Allotment Option
Inventory (5 new products)	\$2,400,000	\$2,400,000
Product Filing fees, Milestones/Acquisitions	\$250,000	\$250,000
Product Launch Expenses	\$750,000	\$750,000
Working Capital	\$1,905,000	\$2,742,000
Transaction Expenses	\$275,000	\$275,000
TOTAL	\$5,580,000	\$6,417,000

The above noted allocation represents the Company's intentions with respect to its use of net proceeds of the

Offering based on current knowledge, planning and expectations of management of the Company before taking into account the positive contribution expected to be derived from the above listed product launches and subsequent revenues. Actual expenditures for the above listed uses is expected to take place over the remainder of the fiscal year and may differ from the estimates set forth above. There may be circumstances where for sound business reasons, the Company reallocates the use of proceeds, see “*Risk Factors – Use of Proceeds*” and “*Risk Factors – Additional Financing*”.

Of the net proceeds being used to fund product launches and the associated expenses, the Company anticipates using the net proceeds of the Offering towards items such as IMS data, gaining market access (listing/reimbursements), hiring additional sales representatives and product managers, and running marketing campaigns and samples.

Until applied, the net proceeds of the Offering will be held as cash balances in the Company’s bank account or invested in certificates of deposit and other instruments issued by banks or obligations of or guaranteed by the Government of Canada or any province thereof.

The Company had a negative operating cash flow for the financial years ended October 31, 2019, 2018 and 2017, and as at July 31, 2020, the Company’s working capital deficiency is estimated to be approximately \$3.7 million with the following components comprising its current liabilities: trade accounts payable of approximately \$3.76 million, and the Line of Credit, of which approximately \$0.96 million has been drawn down.

Upon completion of the Offering, net proceeds of approximately \$0.96 million would be used to initially reduce the entire indebtedness under the Line of Credit, with the balance of net proceeds becoming cash available for use by the Company. The Line of Credit, which has a limit of \$2 million, was obtained to fund working capital deficiencies and operating costs incurred by the Company in the ordinary course of business. Upon completion of the Offering, the Company is projected to have a pro forma working capital surplus of approximately \$1.5 million.

As a result of recent new product launches and the continued market share gains from products previously launched, the Company anticipates that the cash burn rate, including non-recurrent expenditures, is anticipated to be up to approximately \$200,000 per month¹ until the Company can generate positive operating margins from the sale of additional products. The Company’s cash burn rate has decreased due to increased incremental margins from sales of Onstryv, Ametop Gel and Yondelis, as well as increased saving from the use of less costly alternative methods for conducting business activities such as video-conferencing. The Company anticipates that revenues from new products that are scheduled to launch in the fall of 2020 are expected to incrementally increase the Company’s gross margins and put the Company in a positive operating cash flow position before the end of its fiscal year 2020. Upon completion of the Offering, the Company expects to have sufficient funds available to fund operations until year-end 2020, by which time the Company expects to be generating positive monthly cash flows.

For the first six months of the Company’s 2020 fiscal year, the Company incurred a loss of approximately \$1.97 million, including approximately \$257,000 related to depreciation and amortization and approximately \$75,000 for non-cash, share-based compensation. The net loss before depreciation, amortization and share-based compensation for the first six months of the Company’s 2020 fiscal year amounted to approximately \$1.64 million. Following the end of the Company’s 2020 second fiscal quarter, the Company successfully launched both Ametop Gel, and Yondelis. The sales of both products now contribute to reduce Company’s operating loss. Together, sales of Ametop Gel and Yondelis (which has been on sale for two weeks in August 2020) have contributed approximately \$52,000 of net margins during the month of August 2020.

In the event that the launch of any or all of the Company’s new products is delayed, improvement to the Company’s current pipeline does not materialize and the positive monthly cash flows expected by the Company by year-end 2020 do not materialize, the Company would project an operating loss before depreciation, amortization and share-based compensation for its fiscal year 2020 of \$2.66 million. In such an event, the net proceeds of the Offering less the operating loss would be used to pay down the outstanding balance under the Line of Credit and reduce the Company’s current accounts payable.

Although the Company anticipates it will have positive cash flow from operating activities in future periods, the Company cannot guarantee it will have a cash flow positive status from operating activities in future periods. 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, see “*Risk Factors – Negative Cash Flow from Operations*”.

Business Objectives and Milestones

The following sets out the primary business objectives for the Company using the net proceeds of the Offering and the significant events that need to occur for the business objectives to be accomplished:

Expected Time Frame	Calendar year 2020	Calendar year 2021
Product Launches	<ul style="list-style-type: none"> • Sodium Ethacrylate (U.S.) • Hesperco™ • Redesca 	<ul style="list-style-type: none"> • Pip-Tazo • Undisclosed Antifungal • Undisclosed Antibiotic

Revenue Forecast¹

In 2020, the Company is expecting to increase its revenues by 30-40% as compared to 2019 revenues of \$6.6 million. Fueled by the expected launch of four products in 2020 fiscal year as well as 4 additional products in 2021, Valeo anticipates its consolidated revenues to accelerate significantly by the end of its next fiscal year. Assuming the sequential launch of its current pipeline as indicated earlier, plus an additional 25% of revenues coming from additional products to be in-licensed or acquired over the coming fiscal year, Valeo anticipates that by the end of fiscal year 2021, its annualized quarterly revenues to exceed \$25 million representing more than a 100% increase in revenues over the projected 2020 results.

PLAN OF DISTRIBUTION

Pursuant to the Underwriting Agreement, the Company has agreed to sell and the Underwriters have agreed to purchase on the Closing Date, 5,000,000 Units for aggregate gross proceeds \$6,000,000 at the Offering Price, payable in cash to the Company against delivery of the Units, subject to and in compliance with all of the necessary legal requirements and the terms and conditions contained in the Underwriting Agreement.

The obligations of each of the Underwriters under the Underwriting Agreement may be terminated, at such Underwriter’s sole discretion if (i) there shall occur any material change or change in a material fact which, in the reasonable opinion of the Underwriters (or any of them), has or would be expected to have a material adverse effect on the market price or value of the Shares, (ii) there should develop, occur or come into effect or existence any event, action, state, condition (including without limitation, terrorism or accident, but excluding the SARS-CoV-2 virus (COVID-19)) or major financial occurrence of national or international consequence or any law or regulation which in the sole opinion of the Underwriters, or any one of them, seriously adversely affects, or involves, or would seriously adversely affect, or involve, the financial markets or the business, operations or affairs of the Company and its Subsidiaries taken as a whole or the market price or value of the Shares, (iii) any inquiry, action, suit, proceeding or investigation (whether formal or informal) is commenced, announced or threatened or any order is made by any court or commission, board, bureau, agency or instrumentality including, without limitation, the CSE or a securities commission, which in the reasonable opinion of the Underwriters (or any one of them) operates to prevent or restrict the trading of the Units or the Shares or the distribution of the Units or which in the reasonable opinion of the Underwriters, acting in good faith, could be expected to have a material adverse effect on the market price or value of the Shares, (iv) the Company is in breach of any material term, condition or covenant of the Underwriting Agreement or any material representation or warranty given by the Company in the Underwriting Agreement is not true and

¹ Forecast revenue for fiscal years ending October 31, 2020 and 2021 and the anticipated cash burn rate (the “**Prospective Financial Information**”) included in this prospectus has been prepared by, and is the responsibility of, management of the Company. PricewaterhouseCoopers LLP has neither examined, compiled nor performed any procedures with respect to the Prospective Financial Information herein and, accordingly, PricewaterhouseCoopers LLP does not express an opinion or any other form of assurance with respect thereto. PricewaterhouseCoopers LLP’s report included in this prospectus relates to the Company’s historical financial information. It does not extend to the Prospective Financial Information herein and should not be read to do so.

correct in all material respects, (v) the Underwriters shall become aware, as a result of their due diligence review, of any adverse material change with respect to the Company (taken as a whole, in the sole opinion of the Underwriters, or any one of them, acting reasonably) which had not been publicly disclosed or disclosed to the Underwriters prior to the date of the Underwriting Agreement but prior to the Closing time on the Closing Date and which would have a material adverse effect on the market price or value of the Shares; or (vi) such Underwriter and the Company agree in writing to terminate the Underwriting Agreement in relation to such Underwriter.

If an Underwriter fails to purchase the Units which it has agreed to purchase, the other Underwriters may, but are not obligated to, purchase such Units. The Underwriters are, however, obligated to take up and pay for all of the Units if any of the Units are purchased under the Underwriting Agreement. The obligations of the Underwriters to purchase the Units are joint (the equivalent of several in common law) (and not solidary (the equivalent of joint and several in common law)). The Offering Price and the other terms of the Offering were determined by negotiations between the Company and the Lead Underwriter, on its own behalf.

In consideration for the services rendered by the Underwriters in connection with the Offering and pursuant to the terms of the Underwriting Agreement, the Company has agreed to pay the Underwriters the Underwriters' Fee, which is equal to 7.0% of the gross proceeds of the Offering (including in respect of any Additional Units), subject to a reduced Underwriters' Fee payable in connection with the proceeds received from purchasers on the President's List (subject to a maximum of \$1,000,000), equal to 3.5% of the gross proceeds received from such purchasers. The Underwriters will also receive Broker Warrants to purchase that number of Compensation Units that is equal to 7.0% of the Units sold pursuant to the Offering (including in respect of any Additional Units), subject to a reduced number of Broker Warrants in connection with the Units sold to purchasers on the President's List, equal to 3.5% of the total number of Units sold to purchasers under the President's List. Each Broker Warrant is exercisable to purchase one Compensation Unit at an exercise price of \$1.20 per Compensation Unit at any time prior to 5:00 p.m. (Montreal time) until the date which is 18 months after the date of Closing. Each Compensation Unit consists of one Share and one half of one Warrant. This Prospectus also qualifies the distribution of the Broker Warrants (and the underlying securities thereof), as well as the grant and issuance of additional Broker Warrants (and the underlying securities thereof) issued a result of the exercise of the Over-Allotment Option.

The Company has granted to the Underwriters the Over-Allotment Option, exercisable in whole or in part at any time and from time to time up to 30 days after the Closing, to purchase up to an additional 750,000 Additional Units at the Offering Price. If Over-Allotment Option is exercised in full, and assuming no Units are purchased under the President's List, the total price to the public, the Underwriters' Fee and net proceeds to the Company (before deducting expenses of the Offering) will be \$6,900,000, \$483,000 and \$6,417,000. This Prospectus qualifies the distribution of the Over-Allotment Option and the Additional Units issuable on the exercise thereof. A purchaser who acquires Additional Units forming part of the Underwriters' over-allocation position acquires those Additional Units 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. Subscriptions for the Units will be received subject to rejection or allotment in whole or in part and the Underwriters reserve the right to close the subscription books at any time without notice. No certificate evidencing the Shares or Warrants distributed under this Prospectus will be issued to purchasers, except in certain limited circumstances. The Shares and Warrants issuable to purchasers under this Prospectus are expected to be deposited electronically with CDS at the Closing through the non-certificated inventory system of CDS.

The Company has agreed, pursuant to the Underwriting Agreement, to indemnify the Underwriters and their respective affiliates and their respective directors, officers, employees, shareholders, partners, advisors and agents against certain liabilities, including liabilities under applicable securities legislation in certain circumstances or to contribute to payments the Underwriters may have to make because of such liabilities.

The Company has agreed, pursuant to the Underwriting Agreement, until the date that is 90 days after the date of Closing, that it will not, without the prior written consent of the Lead Underwriter, on its own behalf and on behalf of the Underwriters, agree to issue, or announce an intention to issue, any additional Shares or securities convertible into or exchangeable for Shares or enter into any agreement or arrangement under which the Company acquires or transfers to another, in whole or in part, any of the economic consequences of ownership of the Shares, or agree to become bound to do so, or disclose to the public any intention to do so, except in conjunction with: (i) the grant or exercise of stock options and other similar issuances pursuant to the share option plan of the Company and

other share compensation arrangements, including, for greater certainty, the sale of any shares issued thereunder; (ii) outstanding warrants; (iii) outstanding debentures; (iv) the Over-Allotment Option; and (v) obligations in respect of existing agreements.

It is a condition of closing in favour of the Underwriters that each of the directors and executive officers of the Company (collectively, the “**Locked-Up Persons**”) will execute agreements, in favour of the Underwriters, agreeing that, without the prior written consent of the Lead Underwriter, such consent not to be unreasonably withheld, delayed or conditioned, each Locked-Up Person will not (and will so cause entities, corporate or otherwise, controlled by such Locked-Up Person not to), directly or indirectly, during the period beginning on the date hereof and ending on the day that is 75 days after the date of closing of the Offering (the “**Lock-Up Period**”): directly or indirectly (i) offer, sell, contract to sell, announce an intention to sell, sell any option or contract to purchase, purchase any option or contract to sell, grant any option to purchase, or otherwise lend, pledge, assign, transfer or dispose of any Shares or other equity securities of the Company) or securities convertible into or exchangeable for Shares or other equity securities of the Company) (the “**Locked-Up Securities**”); or (ii) enter into any swap or other similar arrangement that transfers to another, in whole or in part, any of the economic consequences of ownership of Shares or other equity securities of the Company, except in respect of the following: (1) any transfer or other disposition of Locked-Up Securities (i) to a wholly-owned affiliate of such Locked-Up Person, (ii) to the spouse, domestic partner, parent, sibling, child or grandchild (each, an “immediate family member”) of such Locked-Up Person or to any company, trust or other entity owned by or maintained for the benefit of such Locked-Up Person or of an immediate family member of such Locked-Up Person or (iii) as a bona fide gift or by will or intestacy or other testamentary document or applicable laws of descent; provided that each transferee in the case of each of clauses (i), (ii) and (iii) above shall sign and deliver a lock-up agreement substantially in the form of this letter agreement prior to or upon such transfer; (2) any exercise of options or warrants to purchase Shares or securities convertible into or exchangeable for Shares or the conversion or exchange of any security or instrument held by such Locked-Up Person into or for Shares; provided that any such Shares received pursuant to any such exercise, exchange or conversion shall be subject to the terms of this letter agreement; (3) the receipt by such Locked-Up Person of Shares upon the vesting of restricted stock awards, restricted stock units, or other share-based awards; provided that any such Shares received upon the vesting of restricted stock awards, restricted stock units or other share-based awards shall be subject to the terms of this letter agreement; (4) any transfer or other disposition of Locked-Up Securities in connection with the payment of withholding taxes due in connection with the vesting, exercise or settlement of options, warrants, restricted stock awards, restricted stock units or other share-based awards; (5) any transfer or other disposition of Locked-Up Securities to the Company or to any subsidiary of the Company; (6) any transfer or disposition of Locked-Up shares in connection with any existing bona fide pledges, loan agreements or arrangements to which such Locked-Up Person or any of its affiliates is a party; (7) any transfer or other disposition of Locked-Up Securities occurring by operation of law, including pursuant to a qualified domestic order or in connection with a divorce settlement, or in connection with transactions arising as a result of the death of such Locked-Up Person; (8) transfers to any nominee or custodian where there is no change in beneficial ownership, for bona fide tax planning purposes including, but not limited to, transfers into a registered retirement savings plan and where the Locked-Up Securities are still subject to and governed by this letter agreement; or (9) any transfer or other disposition of Locked-Up Securities to tender them to a bona fide take-over bid made to all holders of voting securities of the Company or in connection with a merger, business combination, arrangement, consolidation, reorganization, restructuring or similar transaction (a “**reorganization**”) involving the Company; provided, however, that in such case it shall be a condition of such transfer or other disposition that if such take-over bid or reorganization is not completed during the Lock-Up Period, any Locked-Up Securities subject to the lock-up agreement shall remain subject to the restrictions therein.

The Shares and 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 state securities laws, and the Units 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 in transactions exempt from the registration requirements of the U.S. Securities Act and applicable state securities laws. The Underwriters have agreed that, except as permitted by the Underwriting Agreement and as expressly permitted by applicable United States federal and state securities laws, they will not offer or sell any of the Units to, or for the account or benefit of, persons in the United States or U.S. Persons.

The Underwriting Agreement permits the Underwriters to offer the Units outside the United States to non-U.S. Persons in compliance with Regulation S under the U.S. Securities Act. The Underwriting Agreement also permits the Underwriters, acting through their registered United States broker dealer affiliates, to offer and resell the

Units in the United States to (a) Qualified Institutional Buyers, provided such offers and sales are made in accordance with Rule 144A under the U.S. Securities Act, (b) to “accredited investors”, within the meaning of Rule 501(a) of Regulation D, provided such offers and sales are made in accordance with Rule 506(b) of Regulation D, and (c) in either case, in compliance with similar exemptions under applicable state securities laws. Any Units that are sold in the United States will be restricted securities within the meaning of Rule 144 of the U.S. Securities Act, and may only be offered, sold or otherwise transferred pursuant to certain exemptions from the registration requirements of the U.S. Securities Act.

This Prospectus does not constitute an offer to sell, or a solicitation of an offer to buy, any Units to, or for the account or benefit of, persons in the United States or U.S. Persons. In addition, until 40 days after the commencement of the Offering, an offer or sale of such securities within the United States by a dealer (whether or not participating in the Offering) may violate the registration requirements of the U.S. Securities Act, unless such offer or sale is made pursuant to an exemption from registration under the U.S. Securities Act.

“United States” and “U.S. Person” shall have the respective meanings ascribed to them by Regulation S under the U.S. Securities Act.

DESCRIPTION OF SECURITIES BEING DISTRIBUTED

Units

Each Unit consists of one Share and one half of one Warrant.

Shares

The Company’s authorized share capital consists of an unlimited number of Shares without par value, of which 58,238,859 Shares are issued and outstanding as fully paid and non-assessable. The holders of the Shares are entitled to: (i) receive notice of all meetings of the shareholders of the Company; (ii) one (1) vote for each Share held by them at all meetings of the holders of the Shares, (iii) receive at all times, and from time to time, in the sole, absolute and unfettered discretion of the directors, an unfixd non-cumulative dividend in any amount; and (iv) participate in the distribution of the Company’s property or assets upon liquidation, dissolution or wind-up.

Warrants

Each Warrant entitles the holder to purchase one Warrant Share at the price of \$1.50 per Warrant Share for a period of 24 months from the Closing.

The Warrants will be subject to the Accelerated Exercise Period (subject to such Accelerated Exercise Period being permitted under the policies of the principal exchange for any trading of the Warrants at that time) whereby if, at any time prior to the expiry date of the Warrants, the closing trading price of the Shares on the CSE equals or exceeds \$2.00 for ten consecutive trading days, the Company may anytime thereafter deliver an Accelerated Exercise Notice to the holders of Warrants accelerating the expiry date of the Warrants to the date that is 30 days following the date of such Accelerated Exercise Notice. The Company will also issue a press release on the same date as it issues the Accelerated Exercise Notice confirm the new expiry date of the Warrants. Any unexercised Warrants shall automatically expire at the end of the Accelerated Exercise Period.

The Warrants will be issued and governed by a warrant indenture (the “**Warrant Indenture**”) between the Company and Computershare Trust Company of Canada (the “**Warrant Agent**”). The following summary of certain provisions of the Warrant Indenture does not purport to be complete and is subject in its entirety to the detailed provisions of the executed Warrant Indenture. Reference is made to the Warrant Indenture for the full text of the attributes of the Warrants which, following the Closing will be filed on SEDAR under the issuer profile of the Company at www.sedar.com. A register of holders of Warrants will be maintained at the principal offices of the Warrant Agent in Montreal, Quebec. The holders of Warrants will not, as such, have any voting right or other right attached to the Shares until and unless the Warrants are duly exercised as provided for in the Warrant Indenture.

The Warrant Indenture will provide that the number of Warrant Shares which may be acquired by a holder of Warrants upon the exercise thereof will be subject to anti-dilution provisions governed by the Warrant Indenture, including provisions for the appropriate adjustment of the class, number and price of the securities issuable under the Warrant Indenture upon the occurrence of certain events including:

- (a) the issuance of Shares or securities exchangeable for or convertible into Shares to all or substantially all of the holders of Shares by way of a stock dividend or other distribution (other than a distribution of Shares upon the exercise of any outstanding warrants or options);
- (b) the subdivision, re-division or change of the Shares into a greater number of Shares;
- (c) the consolidation, reduction or combination of the Shares into a lesser number of Shares;
- (d) the issuance to all or substantially all of the holders of 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 Shares, or securities exchangeable for or convertible into Shares, at a price per Share to the holder (or at an exchange or conversion price per share) of less than 95% of the "current market price", as defined in the Warrant Indenture, of Shares on such record date; and
- (e) the issuance or distribution to all or substantially all of the holders of Shares of (i) securities, including rights, options or warrants to acquire shares of any class or securities exchangeable or convertible into any such shares or property or assets or (ii) any property or assets, including evidences of indebtedness.

The Warrant Indenture will include provisions for the appropriate adjustment of the class, number and price of the securities issuable under the Warrant Indenture upon the occurrence of the following additional events:

- (a) the reclassification of the Shares or exchange or change of the Shares into other shares;
- (b) the amalgamation, arrangement or merger with or into any other corporation or other entity (other than an amalgamation, arrangement or merger which does not result in any reclassification of the Company's outstanding Shares or an exchange or change of the Shares into other shares); and
- (c) the transfer of the Company's undertakings or assets as an entirety or substantially as an entirety to another corporation or other entity.

The Company will covenant in the Warrant Indenture, during the period in which the Warrants are exercisable, to 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, a prescribed number of days prior to the record date or effective date, as the case may be, of such event.

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 be able to 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 the opinion of legal counsel, the rights of the holders of Warrants, as a group, are not prejudiced thereby.

The Warrant Indenture will provide that in the event of an extraordinary transaction, as described in the Warrant Indenture and generally including any merger, arrangement or amalgamation of the Company with or into another entity, sale of all or substantially all of the Company's assets, tender offer or exchange offer, or reclassification of the Shares, the holders of the Warrants will generally be entitled to receive upon exercise of the Warrants the kind and amount of securities, cash or other property that the holders would have received had they exercised the Warrants immediately prior to such extraordinary transaction.

The Warrant Indenture will contain provisions making binding upon all holders of Warrants resolutions passed at meetings of such holders in accordance with such provisions or by instruments in writing signed by holders of Warrants holding a specified percentage of the Warrants. 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 20% of the aggregate number of the then outstanding Warrants and passed by the affirmative vote of holders of Warrants representing not less than 66 $\frac{2}{3}$ % of the aggregate number of Warrants represented at the meeting in person or by proxy and voted on the poll for such resolution; or (ii) adopted by an instrument in writing signed by the holders of Warrants representing not less than 66 $\frac{2}{3}$ % of the number of all of the then outstanding Warrants.

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

Broker Warrants

Each Broker Warrant will entitle the holder thereof to purchase one Compensation Unit at an exercise price of \$1.20 per Compensation Unit at any time prior to 5:00 p.m. (Montreal time) until the date which is 18 months after the date of Closing. Each Compensation Unit consists of one Share and one half of one Warrant. The Broker Warrants are not transferrable.

PRIOR SALES

The following table sets forth the details regarding all issuances of Shares and securities that are convertible or exchangeable into Shares for the 12-month period prior to the date of this Prospectus.

Date of Issuance	Security Issued	Number of Securities Issued	Price per Security (\$)	Total Subscription Price (\$)	Conversion Price per Share (\$)
September 25, 2019	Options	200,000	N/A	N/A	\$0.40
February 27, 2020	Convertible Debentures, Series 1	2,078	\$1,000	2,078,000	\$0.40
March 26, 2020	Convertible Debentures, Series 1	100	\$1,000	100,000	\$0.40
June 30, 2020	Options	1,550,000	N/A	N/A	\$0.60
June 30, 2020	Share Purchase Warrants	1,500,000	N/A	N/A	\$0.60
July 10, 2020	Debenture Warrants*	2,550,000	N/A	N/A	\$0.60

July 28, 2020	Options	200,000	N/A	N/A	\$1.50
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* issued as part of Debenture Units

PRICE RANGE AND VOLUME OF TRADING OF SHARES

The Shares are listed and posted for trading on the CSE under the symbol “VPH”. The following table shows the monthly range of high and low prices per Share and total monthly volumes traded on the CSE for the 12-month period prior to the date of this Prospectus.

Month	Price per Share (\$ Monthly High	Price per Share (\$ Monthly Low	Total Monthly Volume
2019			
August 2019	\$0.43	\$0.29	344,089
September 2019	\$0.34	\$0.27	1,240,250
October 2019	\$0.375	\$0.27	825,930
November 2019	\$0.285	\$0.245	434,984
December 2019.....	\$0.45	\$0.26	486,252
2020			
January 2020.....	\$0.45	\$0.34	384,250
February 2020.....	\$0.51	\$0.37	581,030
March 2020.....	\$0.40	\$0.25	217,800
April 2020	\$0.38	\$0.27	540,200
May 2020	\$0.44	\$0.365	617,080
June 2020	\$0.58	\$0.41	1,111,220
July 2020	\$1.75	\$0.70	7,063,880
August 2020	\$1.59	\$1.11	3,061,387

On September 2, 2020, the closing price of the Shares on the CSE was \$1.20.

CERTAIN CANADIAN FEDERAL INCOME TAX CONSIDERATIONS

In the opinion of McMillan LLP, counsel to the Company, and Fasken Martineau DuMoulin LLP, counsel to the Underwriters, the following is, as of the date hereof, a summary of certain of the principal Canadian federal income tax considerations pursuant to the Tax Act that generally apply to a purchaser of Units who, at all relevant

times and for purposes of the Tax Act, acquires and holds the Shares, the Warrants and the Warrant Shares as capital property and deals at arm's length with the Company, the Underwriters and any subsequent purchaser of such securities and is not affiliated with the Company or the Underwriters (a "**Holder**"). Generally, the Shares, the Warrants and the Warrant Shares will be considered to be capital property to a Holder unless the Holder holds such securities in the course of carrying on a business or has 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 (a) that is a "financial institution", as defined in the Tax Act, for purposes of the mark-to-market rules therein; (b) that is a "specified financial institution" as defined in the Tax Act; (c) an interest in which is a "tax shelter investment" as defined in the Tax Act; (d) that has made a functional currency reporting election under the Tax Act; (e) that has entered or will enter into a "derivative forward agreement" or a "synthetic disposition arrangement", as defined in the Tax Act, with respect to the Shares, the Warrants or the Warrant Shares; (that is exempt from tax under Part I of the Tax Act; (f) that is a partnership; or (g) that receives dividends on Shares or Warrant Shares under or as part of a "dividend rental arrangement", as defined in the Tax Act. Additionally, 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. Such Holders should consult their own tax advisors.

Additional considerations, not discussed herein, may be applicable to a Holder that is a corporation resident in Canada and is (or does not deal at arm's length with a corporation resident in Canada for purposes of the Tax Act that is), or becomes, as part of a transaction or event or series of transactions or events that includes the acquisition of the Units, controlled by a non-resident corporation (or pursuant to the Proposed Amendments (as defined below), a non-resident person or a group of non-resident persons that do not deal with each other at arm's length for the purposes of the Tax Act) for purposes of the "foreign affiliate dumping" rules in section 212.3 of the Tax Act. Such Holders should consult their tax advisors with respect to the consequences of acquiring the Units.

This summary is based upon the current provisions of the Tax Act in force as of the date hereof, specific proposals to amend the Tax Act (the "**Proposed Amendments**") which have been announced by or on behalf of the Minister of Finance (Canada) prior to the date hereof, and counsel's understanding of the current published administrative policies and assessing practices of the Canada Revenue Agency (the "**CRA**"). This summary assumes that the Proposed Amendments will be enacted in the form proposed and does not otherwise take into account or anticipate any other changes in law, whether by way of judicial, legislative or governmental decision or action, nor does it take into account provincial, territorial or foreign income tax legislation or considerations, which may differ from the Canadian federal income tax considerations discussed herein. No assurances can be given that such Proposed Amendments will be enacted as proposed or at all, or that legislative, judicial or administrative changes will not modify or change the statements expressed herein.

This summary is not exhaustive of all possible Canadian federal income tax considerations applicable to an investment in Units. The following description of income tax matters is of a general nature only and is not intended to be, nor should it be construed to be, legal or income tax advice to any particular Holder. Holders are urged to consult their own tax advisors with respect to the tax consequences applicable to them based on their own particular circumstances.

Allocation of Purchase Price for Units

A Holder who acquires Units will be required to allocate the purchase price of each Unit between the Share and the one-half of one Warrant comprising a Unit on a reasonable basis in order to determine their respective costs for purposes of the Tax Act.

For its purposes, the Company intends to allocate \$1.10 of the issue price of each Unit for the issue of each Share and \$0.10 of the issue price of each Unit for the issue of each one-half of one Warrant. Although the Company believes that this allocation is reasonable, it is not binding on the CRA or the Holder and the CRA may not be in agreement with such allocation. Counsel express no opinion with respect to such allocation.

Adjusted Cost Base of Shares and Warrants

The adjusted cost base to a Holder of a Share acquired pursuant to the Offering will be determined by averaging the cost of that Share with the adjusted cost base (determined immediately before the acquisition of the Share) of all other Shares held as capital property by the Holder immediately prior to such acquisition.

The adjusted cost base to a Holder of a Warrant acquired pursuant to the Offering will be determined by averaging the cost of that Warrant with the adjusted cost base (determined immediately before the acquisition of the Warrant) of all other Warrants held as capital property by the Holder immediately prior to such acquisition.

Exercise of Warrants

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 thereunder will equal the aggregate of such Holder's adjusted cost base of the Warrant exercised plus the exercise price paid for such Warrant Share. The Holder's adjusted cost base of such Warrant Share so acquired will be determined by averaging the cost of the Warrant Share with the adjusted cost base (determined immediately before the acquisition of the Warrant Share) of all other Shares held as capital property by such Holder as capital property immediately prior to such acquisition.

Resident Holders

The following section of this summary generally applies to a Holder who, for purposes of the Tax Act, is or is deemed to be resident in Canada at all relevant times (a "**Resident Holder**"). Certain Resident Holders whose Shares and Warrant Shares might not constitute capital property may, in certain circumstances, make an irrevocable election permitted by subsection 39(4) of the Tax Act to deem the Shares and Warrant Shares, and every other "Canadian security" (as defined in the Tax Act), held by such Resident Holder in the taxation year of the election and all subsequent taxation years to be capital property. This election does not apply to the Warrants. Resident Holders should consult their own tax advisors regarding this election.

Expiry of Warrants

If a Warrant expires unexercised, the Resident Holder will generally realize a capital loss equal to the adjusted cost base of such Warrant to the Resident Holder immediately before its expiry. The tax treatment of capital gains and capital losses is discussed under the subheading "*Capital Gains and Capital Losses.*"

Dividends on Shares and Warrant Shares

Dividends received or deemed to be received in a taxation year on Shares or Warrant Shares are required to be included in computing the Resident Holder's income for the year. In the case of a Resident Holder who is an individual or a trust (other than certain trusts), such dividends will be subject to the gross-up and dividend tax credit rules that apply to "taxable dividends" received from "taxable Canadian corporations", including an enhanced gross-up and dividend tax credit that applies to any dividends designated as "eligible dividends" by the Company. A dividend payor's ability to make such designations may be limited under the Tax Act, and the Company has not made any commitments in this regard.

Dividends received or deemed to be received on Shares or Warrant Shares by a Resident Holder that is a corporation will be included in computing the Resident Holder's income but will generally be deductible in computing its taxable income. A Resident Holder that is a "private corporation" or a "subject corporation" (each as defined in the Tax Act) may be liable to pay a tax under Part IV of the Tax Act (refundable in certain circumstances) on dividends received or deemed to be received on the Shares and Warrant Shares in a taxation year to the extent that such dividends are deductible in computing the Resident Holder's taxable income for the year.

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 on Shares or Warrant Shares as proceeds of disposition or a

capital gain. Resident Holders that are corporations should consult their own tax advisors having regard to their own circumstances.

Disposition of the Shares, the Warrants and the Warrant Shares

A Resident Holder who disposes or is deemed to dispose of a Warrant (other than on the exercise or expiry thereof), a Share, or a Warrant Share (other than certain dispositions of a Share or a Warrant Share to the Company) will generally realize a capital gain (or capital loss) equal to the amount, if any, by which the proceeds of disposition, net of any reasonable costs of disposition, are greater (or less) than the adjusted cost base of such security to the Resident Holder immediately before the disposition or deemed disposition. The tax treatment of capital gains and capital losses is discussed under the subheading “*Capital Gains and Capital Losses*”.

Capital Gains and Capital Losses

Generally, a Resident Holder is required to include in computing its income for a taxation year one-half of the amount of any capital gain (a “**taxable capital gain**”) realized in the year. Subject to and in accordance with the provisions of the Tax Act, a Resident Holder is required to deduct one-half of the amount of any capital loss (an “**allowable capital loss**”) realized in a taxation year from taxable capital gains realized in the year by such Resident Holder. Allowable capital losses in excess of taxable capital gains realized in a particular taxation year may be applied to reduce net taxable capital gains realized in any of the three prior years or in any subsequent year in the circumstances and to the extent provided in the Tax Act.

A capital loss realized on the disposition of a Share or Warrant Share by a Resident Holder that is a corporation may in certain circumstances be reduced by the amount of dividends that have been previously received or deemed to have been received by the Resident Holder on such share or shares substituted for such share to the extent and in the circumstances described by the Tax Act. Similar rules may apply where a Resident Holder that is a corporation is a member of a partnership or a beneficiary of a trust that owns Shares or Warrant Shares, directly or indirectly, through a partnership or trust. Resident Holders to whom these rules may be relevant should consult their own tax advisors.

A Resident Holder that is throughout the year a “Canadian-controlled private corporation” (as defined in the Tax Act) may also be liable to pay an additional tax (refundable in certain circumstances) on its “aggregate investment income” (as defined in the Tax Act) for the year, which will generally include taxable capital gains.

Alternative Minimum Tax

Capital gains realized and taxable dividends received or deemed to be received by a Resident Holder that is an individual or trust (other than certain trusts) may affect the Resident Holder’s liability to pay alternative minimum tax under the Tax Act. Resident holders should consult their own tax advisors with respect to the application of alternative minimum tax.

Non-Resident Holders

The following section of this summary generally applies to a Holder who, at all relevant times and for purposes of the Tax Act, is not resident or deemed to be resident in Canada, and does not use or hold the Shares, the Warrants or the Warrant Shares in the course of a business carried on or deemed to be carried on in Canada (a “**Non-Resident Holder**”). Special rules, which are not discussed in this summary, may apply to a Non-Resident Holder that is an insurer carrying on 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 on the Shares or Warrant Shares will generally be subject to Canadian withholding tax at the rate of 25% on the gross amount of such dividend but subject to reduction under the provisions of an applicable tax treaty or convention. Under the *Canada-*

United States Tax Convention (1980), as amended (the “**Treaty**”), the rate of withholding tax on such dividends paid or credited to a Non-Resident Holder who is a resident of the United States for purposes of the Treaty and fully entitled to the benefits under the Treaty is generally reduced to 15% of the gross amount of the dividend (or 5% if such Non-Resident Holder is a company that beneficially owns at least 10% of the Company’s voting stock). Non-Resident Holders should consult their own tax advisors in this regard.

Disposition of the Shares, the Warrants and the Warrant Shares

A Non-Resident Holder who disposes, or is deemed to have disposed, of a Share, Warrant or Warrant Share will not be subject to income tax under the Tax Act in respect of any capital gain realized on such disposition or deemed disposition unless, at the time of such disposition or deemed disposition, the Share, Warrant or Warrant Share, as the case may be, is or is deemed to be “taxable Canadian property (as defined in the Tax Act) to the Non-Resident Holder, and the gain is not exempt from tax pursuant to the terms of an applicable tax treaty or convention.

Provided that the Shares and Warrant Shares are listed on a “designated stock exchange” as defined in the Tax Act (which currently includes the CSE) at the time of disposition, the Shares, the Warrants and the Warrant Shares will generally 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 met: (a) one or any combination of (i) the Non-Resident Holder, (ii) persons with whom the Non-Resident Holder did not deal at arm’s length, and/or (iii) partnerships in which the Non-Resident Holder or a person described in (ii) held a membership interest (either directly or indirectly through one or more partnerships), owned 25% or more of the issued shares of any class or series of the capital stock of the Company; and (b) more than 50% of the fair market value of the Shares or Warrant Shares 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) and/or options in respect of, interests in, or for civil law purposes, rights in, any such property, whether or not such property exists. Notwithstanding the foregoing, the Shares, the Warrants and the Warrant Shares may be deemed to be “taxable Canadian property” to a Non-Resident Holder for purposes of the Tax Act in certain circumstances.

A Non-Resident Holder’s capital gain (or capital loss) in respect of the Shares, the Warrants and the Warrant Shares that constitute or are deemed to constitute “taxable Canadian property” (and are not “treaty-protected property” as defined in the Tax Act) will generally be computed in the manner described above under the subheading “*Resident Holders*” - “*Disposition of the Shares, the Warrants and the Warrant Shares*”.

Non-Resident Holders whose Shares, Warrants or Warrant Shares may be “taxable Canadian property” should consult their own tax advisors.

RISK FACTORS

An investment in the Units is subject to a number of risks and should only be made by investors who can afford to lose their entire investment. Prospective investors should carefully consider all information contained in this Prospectus, including all documents incorporated by reference. In particular, prospective investors are urged to review the information contained in the section entitled “*Cautionary Note Regarding Forward-Looking Statements*” and should give special consideration to the risk factors listed below, which are described in further detail under the heading “*Risk Factors*” in the Annual Information Form.

Risks Related to Valeo and its Business Operations:

- the Company’s success largely depends on the ability to enter into in-licensing, distribution, and acquisition agreements with other pharmaceutical companies as the primary source of new products and keeping such agreements in effect;
- the Company’s revenue is highly dependent on a limited number of products;
- the Company has negative cash flows from operating activities;
- the Company’s business activities may be impacted by the novel coronavirus (COVID-19);

- the regulatory approval process for products is highly unpredictable and may take longer than expected;
- the Company does not manufacture products and relies, and intends to rely, on third parties to manufacture the Company's products. The commercialization of the Company's products could be stopped or delayed if any such third party fails to provide sufficient quantities of product or fails to do so at acceptable quality levels or prices or fails to maintain or achieve satisfactory regulatory compliance;
- the Company may be subject to product liability claims, which can be expensive, difficult to defend and may result in large judgments or settlements;
- the pharmaceutical industry is highly competitive and may be impacted by rapid technological change;
- it will be difficult for the Company to profitably market and sell products if reimbursement for the products is limited by government authorities and third-party payor policies;
- the Company will require additional capital to fund future operations;
- the Company depends on key managerial personnel and external collaborators for its continued success;
- there is no assurance that the Company will receive regulatory approvals in Canada for future products;
- the Company expects the healthcare industry to face increasing limitations on reimbursements, rebates, and other payments as a result of healthcare reform, which could adversely affect third-party coverage of the Company's products and how much, or under what circumstances, healthcare providers will prescribe or administer the products, if approved;
- rising insurance costs could negatively impact profitability;
- under applicable employment laws, the Company may not be able to enforce non-compete covenants;
- the Company is subject to risks associated with the industry in which it operates;
- the Company's policies regarding returns, allowances, and chargebacks may reduce revenue in future fiscal periods;
- the Company may be subject to certain regulations that could restrict its activities and abilities to generate revenue as planned;
- the Company is subject to risks related to additional regulatory burden and controls over financial reporting;
- the Company is subject to risks related to general commercial litigation, class actions, employment claims, and other litigation claims, as well as potential administrative and regulatory actions, as part of its operations; and
- if the Company infringes or is alleged to have infringed or otherwise violate intellectual property rights of third parties its business could be harmed.

Risks Related to the Shares:

- shareholders of the Company may be further diluted;
- the Share price could be volatile and an investment in the Shares could suffer a decline in value;
- the Company has a significant shareholder;
- the Company does not currently intend to pay dividends on the Shares;
- the Company is exposed to risks of foreign exchange rate fluctuation; and
- the Company's operating results may fluctuate significantly and any failure to meet financial expectations may disappoint securities analysts or investors and result in a decline in the price of the Shares.

The above information is a summary only of certain risk factors relating to the Company, the Shares, and the Warrants and is qualified in its entirety by reference to, and must be read in conjunction with, the detailed information appearing elsewhere in this Prospectus. Prospective investors are also urged to consider the specific risk factors relating to the Offering set forth below. These risks and uncertainties, and the risks and uncertainties set forth in this Prospectus and in the documents incorporated by reference, are not the only ones that could affect the Company. Additional risks and uncertainties not currently known to the Company, or that the Company currently deems immaterial, may also materially adversely affect its business, prospects, financial condition and/or results of operations. There is no assurance that any risk management steps taken will avoid future loss due to the occurrence of the risks described below and in the documents incorporated by reference or other unforeseen risks.

COVID-19

The recent outbreak of the coronavirus, also known as COVID-19, has spread across the globe and is impacting worldwide economic activity. Conditions surrounding the pandemic continue to rapidly evolve and government authorities have implemented emergency measures to mitigate the spread of the virus. The Company's business, operations and financial condition could be materially adversely affected by COVID-19 or the outbreak of other epidemics, pandemics or other health crises.

The Company is not currently experiencing any significant negative impacts from the COVID-19 outbreak; however, as conditions surrounding the pandemic continue to evolve, the Company may in the future experience negative impacts from the COVID-19 outbreak. Such impacts could include, with respect to its operations, its suppliers' operations and its customers' operations, forced closures, mandated social distancing, isolation and/or quarantines, impacts of declared states of emergency, public health emergency and similar declarations and could include other increased government regulations, a material reduction in demand for the Company's products, reduced sales, higher costs for new capital, licencing delays, increased operating expenses, delayed performance of contractual obligations, and potential supply and staff shortages, all of which would be expected to negatively impact the business, financial condition and results of operations of the Company and thus may impact the ability of the Company to comply with financial covenants, and its ability to satisfy its obligations pursuant to licencing arrangements, obligations to its lenders and obligations to other parties.

The risks to the Company of such public health crises also include risks to employee health and safety and a slowdown or temporary suspension of operations in the Company's facilities or a supplier's facilities. Should an employee or visitor in any of the Company's facilities or a supplier's facilities become infected with a serious illness that has the potential to spread rapidly, this could place the Company's workforce at risk. The 2020 outbreak of COVID-19 is one example of such an illness.

Market Price of Shares

The trading prices of CSE-listed companies have experienced substantial volatility in the past, often based on factors unrelated to the financial performance or prospects of the companies involved. These factors include macroeconomic developments in Canada, North America and globally, and market perceptions of the attractiveness of particular industries. The trading price of the Shares is also likely to be significantly affected by changes from time to time in the Company's operating results, financial condition, liquidity and other internal factors.

Return on Securities

There is no guarantee that the securities will earn any positive return in the short-term or long-term. A holding of securities is speculative and involves a high degree of risk and should be undertaken only by holders whose financial resources are sufficient to enable them to assume such risks and who have no need for immediate liquidity in their investment. A holding of securities is appropriate only for holders who have the capacity to absorb a loss of some or all of their holdings.

Use of Proceeds

The Company currently intends to allocate the net proceeds received from the Offering as described under the heading “*Use of Proceeds*” in this Prospectus. However, management will have discretion in the actual application of the net proceeds and may elect to allocate proceeds differently from as described under the heading “*Use of Proceeds*” if it is believed that it would be in the best interests of the Company to do so as circumstances change. The failure by management to apply these funds effectively could have a material adverse effect on the Company’s business, operating results and financial condition.

Additional Financing

The continued development of the Company will require additional financing. There is no guarantee that the Company will be able to achieve its business objectives. The Company intends to fund its business objectives by way of additional offerings of equity and/or debt financing as well as through anticipated positive cash flow from operations in the future. The failure to raise or procure such additional funds or the failure to achieve positive cash flow could result in the delay or indefinite postponement of current business objectives. There can be no assurance that additional capital or other types of financing will be available if needed or that, if available, will be on terms acceptable to the Company. If additional funds are raised by offering equity securities, existing shareholders could suffer significant dilution. The Company will require additional financing to fund its operations until positive cash flow is achieved, see “*Risk Factors – Negative Cash Flow from Operations*”.

Risk of Dilution

The Company may sell additional Shares or other securities that are convertible or exchangeable into Shares in subsequent offerings or may issue additional Shares or other securities to finance future acquisitions. The Company cannot predict the size or nature of future sales or issuance of securities or the effect, if any, that such future sales and issuances will have on the market price of the Shares. With any additional sale or issuance of Shares or other securities that are convertible or exchangeable into Shares, investors will suffer dilution to their voting power and economic interest in the Company.

Liquidity of Shares

Shareholders of the Company may be unable to sell significant quantities of Shares into the public trading markets without a significant reduction in the price of their Shares, or at all. There can be no assurance that there will be sufficient liquidity of the Shares on the trading market, and that the Company will continue to meet the listing requirements of the CSE or achieve listing on another other public listing exchange.

No Current Market for Warrants

The Warrants constitute a new issue of securities of the Company. There is currently no market through which the Warrants may be sold and Purchasers of Units may not be able to resell the Warrants purchased under this Prospectus. There can be no assurance that an active trading market for the Warrants will develop or, if developed, that any such market will be sustained. 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. Even if a market develops for the Warrants, it is not possible to predict the price at which the Warrants will trade in the market or whether such market will be liquid or illiquid. To the extent Warrants are exercised, the number of Warrants outstanding will decrease, resulting in a diminished liquidity for the remaining Warrants. A decrease in the liquidity of the Warrants may cause, in turn, an increase in the volatility associated with the price of the Warrants. If any market trading of the Warrants becomes illiquid, an investor may have to exercise such Warrants to realize value.

Rights under the Warrants

Until a Warrant holder acquires Warrant Shares upon exercise of their Warrants, such Warrant holder will have no rights with respect to the Warrant Shares underlying such Warrants. Upon exercise of such Warrants, such

Warrant holder will be entitled to exercise the rights of a shareholder only as to matters for which the record date occurs after the exercise date.

Negative Cash Flow from Operations

The Company had a negative operating cash flow for the financial years ended October 31, 2019, 2018 and 2017. For the first six months of its fiscal year 2020, the Company had a negative cash flow of approximately \$2.5 million and a working capital deficiency of approximately \$4.2 million as at April 30, 2020. The Company's monthly cash burn rate including non-recurrent expenditures is anticipated to be up to approximately \$200,000 per month until the Company can generate positive operating margins from the sale of additional products. The foregoing raises significant doubt about the Company's ability to continue as a going concern. Accordingly, the ability of the Company to realize the carrying value of its assets and continue operations as a going concern is dependent upon its ability to obtain additional financing and ultimately on generating future profitable operations. Management anticipates that the commercialization of new products will provide incremental cash flow that could contribute to working capital requirements. There are no assurances that any of these initiatives will be successful. Factors within and outside the Company's control could have a significant bearing on its ability to obtain additional financing or on the generation of additional revenues.

The Company anticipates that the sale of new products, which is anticipated to begin in the fall of 2020, will contribute incrementally to the Company's gross margins and will put the Company in a positive operating cash flow position. The Company believes that it has access to sufficient financial resources, including via support from insiders, to fund its operations until sales of its new products commences. Although the Company anticipates it will have positive cash flow from operating activities in future periods and will have access to sufficient financial resources to fund its operations, the Company cannot guarantee it will have a cash flow positive status in the future or have access to sufficient financial resources to fund its operations. 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, see "*Use of Proceeds*".

AUDITOR, TRANSFER AGENT AND REGISTRAR

The auditor of the Company is PricewaterhouseCoopers LLP, a partnership of Chartered Professional Accountants, 2640 Laurier Boulevard, Suite 1700, Québec, Quebec G1V 5C2, and is independent with respect to the Company within the meaning of the *Code of ethics of chartered professional accountants (Québec)*.

MNP LLP, Chartered Professional Accountants, 1155 Boulevard René Lévesque O, Montréal, QC H3B 2J8, was the auditor of the Company prior to its replacement by PricewaterhouseCoopers LLP. The financial statements of Valeo for the year ended October 31, 2018 were audited by MNP LLP. MNP LLP was independent with respect to the Company within the meaning of the *Code of ethics of chartered professional accountants (Québec)*.

The registrar and transfer agent of the Shares is Computershare Investors Services Inc. and for the Warrants is Computershare Trust Company of Canada, at their offices in Montréal.

PROMOTER

Manitex has taken the initiative in founding and organizing the business of Valeo and, accordingly, may be considered to be the promoter of Valeo within the meaning of applicable securities legislation. As of the date of this Prospectus, Manitex holds 21,780,130 Shares, representing 37.5% of the total issued and outstanding Shares.

LEGAL PROCEEDINGS

There are no outstanding legal proceedings material to the Company to which the Company is a party or in respect of which any of its properties are subject, nor are there any such proceedings known to the Company to be contemplated.

EXPERTS

Certain legal matters in connection with the Offering are being reviewed on behalf of the Company by McMillan LLP and on behalf of the Underwriters by Fasken Martineau DuMoulin LLP. As of the date hereof, the respective partners and associates of each firm beneficially owned, directly or indirectly, less than one percent of the securities or other property of the Company and its associates and affiliates.

PURCHASERS' STATUTORY RIGHTS

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, revisions of the price or damages if the prospectus and any amendment contains a misrepresentation or is not delivered to the purchaser, provided that the remedies for rescission, revisions 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 advisor.

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 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 of the Offering, 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 advisor.

CERTIFICATE OF THE COMPANY

Dated: September 2, 2020

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.

VALEO PHARMA INC.

(s) Steve Saviuk
Chief Executive Officer

(s) Luc Mainville
Chief Financial Officer

On behalf of the Board of Directors

(s) Michel Trudeau
Director

(s) Richard J. MacKay
Director

CERTIFICATE OF THE PROMOTER

Dated: September 2, 2020

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.

MANITEX CAPITAL INC.

(s) Steve Saviuk

President and Chief Executive Officer

CERTIFICATE OF THE UNDERWRITERS

Dated: September 2, 2020

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.

STIFEL NICOLAUS CANADA INC.

(s) Derek Lithwick
Director

**DESJARDINS
SECURITIES INC.**

(s) François Carrier
Managing Director, Head of
Investment Banking

**INDUSTRIAL ALLIANCE
SECURITIES INC.**

(s) John Rak
Managing Director

**MACKIE RESEARCH
CAPITAL CORPORATION**

(s) David Keating
Managing Director, Head of
Equity Capital Markets, Co-
Head Capital Markets