PRELIMINARY SHORT FORM PROSPECTUS

<u>*New Issue*</u> June 14, 2021

VALEO PHARMA INC.

$10,000,000

10,000,000 Units

Price: $1.00 per Unit

This short form prospectus (the "**Prospectus**") qualifies the distribution (the "**Offering**") of an aggregate of 10,000,000 units (each a "**Unit**") of Valeo Pharma Inc. (the "**Company**" or "**Valeo**") at a price of $1.00 per Unit (the "**Offering Price**"), with each Unit consisting of one class A share in the capital of the Company (a "**Share**") and one Share purchase warrant of the Company (a "**Warrant**").

Each Warrant is exercisable into one Share in the capital of the Company (a "**Warrant Share**") at the price of $1.25 per Warrant Share, subject to adjustment, on or prior to 5:00 p.m. (Toronto time) on the date that is 36 months after the date of Closing (as hereinafter defined).

The Offering is being made on a "bought deal" basis pursuant to an underwriting agreement dated June 14, 2021 (the "**Underwriting Agreement**") among the Company and Research Capital Corporation (the "**Lead Underwriter**") as lead underwriter and Paradigm Capital Inc. and Desjardins Securities Inc. (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 Canadian Securities Exchange (the "**CSE**") under the symbol "VPH", and quoted on the OTCQB Venture Market under the symbol "VPHIF" and on the Frankfurt Stock Exchange under the symbol "VP2". The closing price of the Shares on the CSE on June 11, 2021 was $0.99. The Company has applied to list the Shares, the Warrant Shares and the Shares comprising the Compensation Units (as defined herein) and the Shares underlying the Warrants comprising the Compensation Units on the CSE. Listing will be subject to the Company fulfilling all of the listing requirements of the CSE.

	Price to the Public	Underwriters' Fee(1)	Net Proceeds to the Company(2)
Per Unit	$1.00	$0.07	$0.93
Total(3)	$10,000,000	$700,000	$9,300,000

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 $0.07 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 "**Compensation 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 Compensation 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 Compensation Warrant will entitle the holder thereof to purchase one Unit (a "**Compensation Unit**") at an exercise price of $1.00 per Compensation Unit at any time prior to 5:00 p.m. (Toronto time) until the date which is 24 months after the date of Closing. Each Compensation Unit consists of one Share and one Warrant. This Prospectus also qualifies the distribution of the Compensation 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 $200,000 (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 1,500,000 Units (the "**Additional Units**") at the Offering Price solely to cover over-allotments, if any, and for market stabilization purposes. The Over-Allotment Option may be exercised by the Underwriters in respect of (i) Additional Units at the Offering Price; (ii) additional Shares (the "**Additional Shares**") at a price of $0.8596 per Additional Share; (iii) additional Warrants (the "**Additional Warrants**") at a price of $0.1404 per Additional Warrant; or (iv) any combination of Additional Units, Additional Shares and/or Additional Warrants (collectively, the "**Additional Securities**"), so long as the aggregate number of Additional Shares and Additional Warrants which may be issued under the Over-Allotment Option does not exceed an aggregate of 1,500,000 Additional Shares and an aggregate of 1,500,000 Additional Warrants. 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 $11,500,000, $805,000 and $10,695,000. This Prospectus qualifies the distribution of the Over-Allotment Option and the Additional Securities 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.

	Maximum Size or Number of Securities Available	Exercise Period or Acquisition Date	Net Proceeds to the Company
Over-Allotment Option	1,500,000 Additional Units / 1,500,000 Additional Shares / 1,500,000 Additional Warrants	At any time and from time to time up to 30 days after Closing	$1.00 per Additional Unit / $0.8596 per Additional Share / $0.1404 per Additional Warrant
Compensation Options (1)	805,000 Compensation Warrants	At any time and from time to time up to 24 months after Closing	$1.00 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*".

In certain circumstances, the Underwriters may decrease the price at which the Units are distributed pursuant to the Prospectus to a price that is lower than the Offering Price. However, no such decrease in the price at which the Units are distributed would affect the net proceeds to the Company. 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 June 29, 2021 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 issuance of a receipt for the final 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" relating to the Offering under the Company's profile on the System for Electronic Document Analysis and Retrieval ("**SEDAR**") at www.sedar.com. To the extentof 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 asof 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 thisProspectus. 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.

TABLE OF CONTENTS

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 and the 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 launch of Enerzair® Breezhaler® and Atectura® Breezhaler®, the Company's future growth opportunities and strategies, including organic growth and potential acquisitions, the Company's anticipated positive cash flow position and other forecasts, 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 Company's future development activities and the costs and timing of those activities, 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 deferredprofit 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" (asdefined in the Tax Act, which currently includes the CSE), and (ii) in the case of the Warrants, 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 purposesof 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, RDSP, RRSP, RRIF or RESP, the holder, annuitantor subscriber thereof, as the case may be, will be subject to a penalty tax as set out in the Tax Act. The Shares, WarrantShares and Warrants will not be "prohibited investments" for a trust governed by a TFSA, RDSP, RRSP, RRIFor 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 thepurposes 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 theprohibited investment rules) for trusts governed by a TFSA, RDSP, RRSP, RRIF or 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 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 24, 2021 for the financial year ended October 31, 2020 (the "**Annual Information Form**");

(b) the audited consolidated financial statements of the Company for the financial year ended October 31, 2020 together with the notes thereto and the auditor's report thereon;

(c) management's discussion and analysis of the financial condition and results of operations of the Company for the financial year ended October 31, 2020;

(d) the unaudited condensed consolidated interim financial statements of the Company for the three-month period ended January 31, 2021 ("**Interim Financial Statements**");

(e) management's discussion and analysis of the financial condition and results of operations of the Company for the three-month financial period ended January 31, 2021;

(f) the management information circular of the Company dated March 16, 2021 prepared in connection with the annual general and special meeting of shareholders held on April 28, 2021;

(g) the template version of the term sheet dated June 8, 2021 for the Offering, filed on SEDAR in connection with the Offering (the "**Marketing Materials**"); and

(h) the material change report of the Company dated June 10, 2021 prepared in connection with the announcement of the Offering.

Any documents of the types referred to in the preceding paragraphs (a) through (h), 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 of Canada subsequentto 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 of Units 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 specialty pharmaceutical company, Valeo believes it possesses the following three general core strengths that will contribute to making Valeo a leader in the Canadian pharmaceutical market:

- Unique 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. Recently, Valeo has secured Canadian rights to innovative products it believes have significant market potential;

- Fully Integrated and Scalable Business Model: the Company possesses in-house expertise and capabilities necessary to acquire Canadian rights to innovative products and to successfully manage such products through all regulatory stages as well as commercialization including, market access, pharmacovigilance, medical affairs, sales and marketing expertise, logistics, supply chain and inventory management; and

- Management Experience, Network and Shareholder Alignment: the Company has adopted a compensation system which provides alignment between management and shareholders. Management has an entrepreneurial track record of building companies that create shareholder value. The Company has assembled the following management team and board of directors:

Management Team

Steve Saviuk Founder and CEO	Founder and CEO of Valeo since 2003
Frederic Fasano President and COO	25+ years of experience in the pharmaceutical industry, namely as CEO of Servier Canada
Luc Mainville SVP and CFO	30+ years of experience in the life science industry, previously with Cardiome, Acerus, LAB Research, Enobia, ex-Partner KPMG
Nathalie Therrien VP Quality Assurance and Regulatory	25+ years QA and Regulatory Affairs, including Head of QC at Sanofi Aventis
Jeffrey Skinner VP Business Development	20+ years of experience in specialty pharmaceuticals and biotech business development
Guy-Paul Allard VP Legal Affairs 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
Steve Saviuk, Vice- Chairman	CEO of Valeo
Vincent P. Hogue	25 years capital markets experience
Michael G. Wells	Princeton Bio Capital Partners, previously Board of Directors of Covis Pharma and CEO of AtonPharma

Maureen C. Brennan	40+ years in private and public health sector including Director GeneralShriners Hospital
Michel C. Trudeau	Former President and Chief Executive Officer of Laurentian Bank Securities and 25+ years capital markets experience
Frederic Fasano	President and COO 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.

Valeo's Strategy

Valeo currently commercializes products in Canada, with a focus on the following therapeutic areas:

- Respiratory Diseases (including but not limited to, Asthma)
- Neurodegenerative Diseases (including but not limited to, Parkinson's Disease)
- Oncology (including but not limited to, Soft Tissue Sarcoma and Ovarian Cancer)
- Hospital Products (including but not limited to, pain management, including narcotics, anti-infectives and critical care)

Valeo favors those therapeutic fields where a relatively small number of general practitioners or specialist physicians account for the majority of prescriptions written. This enables the Company to use a relatively small salesforce to target physicians and to seek to capture market share. In the case of Respiratory products, the size of the market, the favorable market dynamics, and the innovative characteristics of the products within Valeo's portfolio address a larger base of physicians requiring that an expanded salesforce be put in place.

Moving forward, Valeo's strategy to select innovative medicines providing unique therapeutic benefits to the target patient population will be used when assessing opportunities to expand the Company's existing product portfolio or to enter into a new therapeutic area.

<u>Commercial Strategy and Product Sourcing</u>

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.

The Company has a track record of over eighteen (18) years in creating partnerships with leading international pharmaceutical companies and are well positioned to continue building a strong portfolio of products to address the needs of general practitioners or specialist physicians in our areas of therapeutics focus (see "*Valeo's Strategy*").

<u>Growth Strategy</u>

To accomplish the strategic objectives outlined above, Valeo generally focuses 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.

- **Commercially launching the current portfolio of innovative, in-licensedproducts in Canada**, where Valeo has 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

In pursuing its growth objectives, Valeo's management exercises financial discipline in the management and utilization of cash flows and balance sheet resources to selectively invest in the expansion of its product portfolio. Valeo generally sources new product opportunities from the following two activities:

- **Product Acquisition**: Valeo has a long history of product acquisitions in the Specialty Pharma area. Valeo will continue to invest in strategic acquisitions to build on our product portfolio, however the Company will remain selective in the acquisition targets and ensure they are financially accretive and provide help leverage its existing platform.
- **Product in-licensing**: As above, Valeo possesses a long history of partnerships that have been developed through years of in-licensing activities. Valeo will continue to search for strategic alliances through in-licensing provided that the financial goals of the Company are met, and the product opportunities fit with our areas of therapeutic focus.

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. Valeo believes that it offers 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**: At times 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.

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 in-licensing or 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. In addition to a rigorous financial analysis, due diligence includes scientific, clinical and commercial screens to further evaluate suitability within the product portfolio and the likelihood of future commercial 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 Valeo can concentrate on regulatory affairs, market access, sales, marketing, distribution and medical affairs.

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

Criteria	Description
Revenue Potential	For the Canadian market, Valeo searches for products with annual revenue potential in excess of $5,000,000.
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.
Stage of development	Valeo searches for products that preferably have been registered (secured marketing authorization) in a regulated market, such as Europe, Asia or United States. Valeo may also look at Products that are in late Phase III with data expected within a few months following signing.
Investment	Valeo endeavors to structure any investment based on key regulatory milestones, such as approval in Canada as well as commercial milestones.
Market differentiation	The product must be differentiated from existing marketed pharmaceuticals by providing superior safety, efficacy or pharmacoeconomic value.

Current Portfolio

Valeo's current product portfolio includes:

Commercial Stage

Products	Indications	Partners	Regulatory, Commercial Status, andother important information
Redesca™ (Distribution Agreement)	LMWH - Anticoagulant biosimilar used to treat and prevent deep vein thrombosis and pulmonary embolism.	Shenzhen Techdow Pharmaceuticals Co., Ltd.	Redesca™ has been commercialized in Canada since April 15, 2021 and supported by a dedicated salesforce of key account managers. The Canadian market for LMWH exceeds $2 million on an annual basis (Source: IQVIA, 2020). Redesca™ has more than 8 years of proven in-market safety internationally and more than 150,000,000 patient days treated in Europe alone. Valeo received notice of a positive recommendation by Quebec's Institut National d'Excellence en Santé et Services Sociaux the Institut ("INESSS"), to the Quebec Health Minister (the "Minister") for the inclusion of Redesca™ on the list of drugs covered by the Régie de l'assurance maladie du Québec ("RAMQ") and has entered into a Product Listing Agreement with the Executive Officer of the Ontario Public Drug Program. 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.

Onstryv® (License)	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 monotherapyfor the treatment of PD.	ZambonS.p.A.	Onstryv® has been marketed since the third quarter of 2019 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, 2020, Valeo received notice of a positive recommendation by INESSS to the Minister for the inclusion of Onstryv® on the list of drugs covered by RAMQ. A Quebec public listing is 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> (Distribution Agreement)	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 in Canada and is recording sales on a gross basis.
Enerzair® Breezhaler® (Commercial Agreement**)**	LABA/LAMA/ICS fixed triple dose asthma drug.	Novartis Pharmaceuticals Canada Inc.	Approved by Health Canada in the third quarter of 2020. The Canadian maintenance asthma market is estimated at $700 million and growing annually by 2-3% (Source: IQVIA, 2020). Valeo entered into a Commercialization & Supply Agreement for the product in the second quarter of 2021. Initiatives to have Enerzair® Breezhaler® included for provincial reimbursement across Canada have commenced and are expected to be completed in the first part of Calendar 2022. Private insurance coverage initiatives have also commenced with 80% coverage to date. Commercial launch is expected to take place in June 2021. The product will be supported by a dedicated sales team of sales professionals.
Atectura® Breezhaler® (Commercial Agreement)	LABA/ICS dual combination active asthma drug.	Novartis Pharmaceuticals Canada Inc.	Approved by Health Canada in the third quarter of 2020. The Canadian maintenance asthma market is estimated at $700 million and growing annually by 2-3% (Source: IQVIA, 2020). Valeo entered into a Commercialization & Supply Agreement for the product in the second quarter of 2021. Initiatives to have Atectura® Breezhaler® included for provincial reimbursement across Canada have commenced and are expected to be completed in the first part of Calendar 2022. Private coverage initiatives have also commenced with 80% coverage to date. Commercial launch is expected to take place in June 2021. The product will be supported by a dedicated sales team of 70 sales professionals.

Yondelis® Trabectedin (license)	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. YONDELIS® (trabectedin) is indicated for the treatment of patients with metastatic liposarcoma or leiomyosarcoma after failure of prior anthracycline and ifosfamide chemotherapy.	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 Health Canada on June 2, 2020.
Hesperco™	Bioflavonoid antioxidant used for immune support	Co-developed by Valeo and Ingenew Pharma Inc. ("Ingenew")	During fiscal year 2020, the Company initiated the formulation development and manufacturing of Hesperco. The product is commercially available since October 2020 online as well as through Amazon Canada. Hesperco is expected to be available at most Canadian retailers in 2021. US launch is planned for 2021. The Montreal Heart Institute is currently conducting a clinical trial to test the efficacy of Hesperco in the treatment of Covid-19. Clinical results are expected to be available during the summer of 2021. The Company owns the global rights to this product.
Ametop™ Gel 4% (License)	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	Marketed in Canada since the fourth quarter of 2020.
VPI-Benztropine (Distribution)	VPI-Anticholinergic agent used for the treatment of PD	Asia/Pacific Generic Manufacturer	Marketed in Canada since the fourth quarter of 2018, hospital specialty distribution.
VPI-Ethacrynate Sodium	Loop diuretic for high blood pressure and associated swelling	Owned by Valeo worldwide except for Italy	Marketed in Canada since the third quarter of 2018 and in the United States since the fourth quarter of 2020 via a US-based distribution partner.
VPI - Amikacin	Injectable Antibiotic	European Generic Manufacturer	Approved by Health Canada in 2020. The product has been available for sale since the second quarter of 2021.

Pre-launch / Regulatory Stage

Product	Indication	Partner	Regulatory, Commercial Status, and other important information
Pip-Tazo *(Piperacillin / tazobactam)*	InjectableAntibiotic	European Generic Manufacturer	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 fiscal year 2022.
Undisclosed Hospital Product	Injectable Antifungal	Undisclosed	The Company has acquired the Canadian rights to this product not yet approved in Canada. The Product has been filed with Health Canada and approval is expected in the fourth quarter of 2021 with sales to commence mid-2022.

Our Target Market

The majority of Valeo's revenues will be derived from 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 commercial potential of the Canadian market will remain Valeo's primary decision driving the in-licensing partnership.

During prior years, Valeo has developed or in-licensed generic drugs for the Canadian market. Ethacrynate Sodium has been developed by Valeo and we own the rights to the product in all territories except Italy. Valeo does not intend to actively seek additional opportunities to develop generic drugs for the Canadian market but will continue its efforts to secure market approval for generic drugs currently in its pipeline.

RECENT DEVELOPMENTS

On March 29, 2021, the Company announced that it had entered into a Commercial and Supply Agreement (the "**Agreement**") with Novartis Pharmaceuticals Canada Inc. ("**Novartis**") for the Canadian commercialization by Valeo of two innovative asthma therapies, Enerzair Breezhaler® (indacaterol, glycopyrronium and mometasone furoate) and Atectura® Breezhaler® (indacaterol and mometasone furoate). Under the Agreement, Valeo will be responsible for medical and commercial activities for Enerzair Breezhaler® and Atectura® Breezhaler® for an initial 8-year period. At present, almost 4,000,000 Canadians are living with asthma, a serious health issue affecting all age groups. The Company expects to initiate the commercial launch of Enerzair® Breezhaler® and Atectura® Breezhaler® through a dedicated salesforce in June 2021.

On April 6, 2021, the Company announced that it had completed its negotiations and entered into a letter of intent with the pan-Canadian Pharmaceutical Alliance regarding Redesca™ and Redesca HP™, and its low molecular weight heparin ("**LMWH**") biosimilar.

On April 15, 2021, the Company announced that it had commenced commercial shipments across Canada of Redesca™, Redesca HP™, and its LMWH biosimilar, and that national sales coverage was in full deployment through a dedicated key account managers team.

On April 27, 2021, the Company announced that it had upsized and closed a $6,645,000 non-brokered private placement of unsecured non-convertible debenture units (the "**Bridge Offering**"). The Company issued 6,645 unsecured non-convertible debentures units (the "**Debenture Units**") at a purchase price of $1,000 per Debenture Unit for gross proceeds of $6,645,000. Each Debenture Unit consists of one (1) unsecured non-convertible debenture of the Company in the principal amount of $1,000 (each, a "**Debenture**") and 200 Share purchase warrants (each, an "**April Warrant**"). Each April Warrant entitles the holder thereof to purchase one Share at an exercise price of $1.60 at any time up to 24 months following the closing date of the Bridge Offering. The Debentures will mature at the latest 9 months after the closing and bear interest at a rate of 8% per annum from the date of issue, payable in cash, semi-annually in arrears.

On April 28, 2021, the Company announced that it had entered into a Product Listing Agreement with the Executive Officer of the Ontario Public Drug Program for the listing of Redesca™, Redesca HP™, and its LMWH biosimilar, on the Ontario Drug Benefit Formulary effective April 30, 2021.

On May 17, 2021, the Company announced that it had been accepted for admission into the Innovative Medicines Canada ("**IMC**") Association as a full member. IMC has represented Canada's innovative pharmaceutical industry since 1914, with 47 members across the spectrum of small, midsize and large national and multi-national companies.

On May 26, 2021, the Company announced that it projects record revenues and margins for the second quarter of 2021 and indicated that the Redesca™ launch was beginning to impact financial performance.

On June 1, 2021, the Company announced that private payer health plans currently covering 80% of privately insured lives in Canada have agreed to provide reimbursement for Enerzair Breezhaler® and Atectura® Breezhaler®.

CONSOLIDATED CAPITALIZATION

The following table sets forth (i) the consolidated capitalization of the Company as at January 31, 2021 and (ii) the pro forma consolidated capitalization of the Company as at January 31, 2021 after giving effect to the Bridge Offering and the Offering (excluding any exercise of the Over-Allotment Option and assuming no Units are purchased under the President's List). The table should be read in conjunction with the Interim Financial Statements of the Company incorporated by reference in this Prospectus.

	As at January 31, 2021	**As at January 31, 2021 (*pro forma* after giving effect to the Bridge Offering and the Offering)**
Shares	65,331,600	75,331,600
Warrants	3,725,000	13,725,000
Listed Warrants	7,463,832	7,463,832
Compensation Warrants	803,205	1,503,205
Debentures	$1,700,000	$8,345,000
Convertible Debentures	$1,773,000	$1,773,000
Debenture Warrants	2,445,000	2,445,000
April Warrants	nil	1,336,700
Line of Credit (as defined herein)	nil	nil
Share capital	$15,885,000	$24,985,000

USE OF PROCEEDS

Proceeds

The estimated net proceeds of the Offering to the Company after deducting the estimated expenses of the Offering of $200,000 and after deducting the Underwriters' Fee of $700,000 will be $9,100,000 (assuming no exercise of the Over-Allotment Option). This estimate of net proceeds assumes no Units are purchased under the President's List.

Principal Purposes

The Company intends to use the net proceeds of the Offering to repay borrowings under the Bridge Financing, as well as any outstanding borrowing under its 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**
Enerzair Breezhaler® and Atectura® Breezhale**r®** Launch Expenses	$3,500,000	$3,500,000
Repayment of Line of Credit	$500,000	$500,000
Repayment of Debenture issued under Bridge Offering(1)	$4,645,000	$4,645,000
Working Capital	$490,000	$1,885,000
Transaction Expenses	$865,000	$970,000
TOTAL	**$10,000,000**	**$11,500,000**

Note:

(1) Bridge financing of $6,645,000 was secured on April 27, 2021. As per the terms of the Bridge Offering, the maturity date of January 27, 2022 is accelerated in the event of an Offering of shares of a minimum of $10,000,000. The above table assumes 100% repayment of the Bridge Offering within 20 days of the Offering. To date holders of the Bridge Offering representing a minimum of $2,000,000 debentures have requested not to be repaid before the initial maturity.

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 the launch of Enerzair Breezhaler® and Atectura® Breezhaler®, the Company anticipates using the net proceeds of the Offering towards the hiring of a dedicated salesforce, securing IQVIA data, gaining market access (listing/reimbursements), running marketing campaigns and creating 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.

During the quarter ended on January 31, 2021, the Company incurred a net loss of $1,108,000 and used cash in operations of $1,556,000.

The Company had a negative operating cash flow for the financial years ended October 31, 2020, 2019, 2018 and 2017, and as at January 31, 2021, the Company's had a positive working capital of $1,085,000 comprised principally of the following short-term assets: cash of $717,000, trade receivables of $906,000, inventory of $1,249,000, and prepaid expenses and deposits of $739,000, as well as the following short-term liabilities: trade accounts payable of $2,526,000.

The Company's $2,500,000 Line of Credit was not utilized as at January 31, 2021 but $500,000 is expected to be drawn upon by the time the proceeds of the Offering are available for use by the Company. Prior to the closing of the Offering, the Company expects to have invested approximately $4,000,000 to fund inventory requirements as well as approximately $2,000,000 to fund increases in accounts receivable for an estimated $6,000,000 negative impact on its cash reserves. Consequently, despite the Bridge Offering of $6,645,000 in April 2021, the Company expects to use net proceeds of approximately $7,000,000 to repay indebtedness under the Debentures and the Line of Credit, with the balance of net proceeds becoming cash available for use by the Company. The Line of Credit was obtained to fund working capital requirements 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 $1,500,000.

In consideration of the recent launch of Enerzair® Breezhaler® and Atectura® Breezhaler®, and taking into account the launch of Redesca®, and the continued market share gains from products launched over the last years such as Yondelis®, AmetopTM, Onstryv®, the Company anticipates that its monthly negative cash flow, including non-recurrent expenditures, will fluctuate between $nil to $500,000 due to the addition of its dedicated Respiratory sales force and marketing efforts. As sales for of Redesca®, Enerzair® Breezhaler® and Atectura® Breezhaler® increase, the Company expects that its cash requirements will decrease and help put the Company in a positive operating cash flow position by mid-year 2022 or earlier. Upon completion of the Offering, the Company expects to have sufficient funds available to fund operations until it reaches profitability. Should Valeo require additional capital to cover any further negative cash flows from operations it will the option to draw against its Line of Credit or to seek additional capital by way of non-dilutive debt.

For the first three months of the Company's 2021 fiscal year, the Company incurred a loss of approximately $1,730,000, including approximately $143,000 related to depreciation and amortization and approximately $105,000 for non-cash, share-based compensation. The net loss before depreciation, amortization and share-based compensation for the first three months of the 2021 fiscal year amounted to approximately $1,300,000.

Following the end of the Company's fiscal quarter ended January 31, 2021, the Company launched Redesca®. Sales of Redesca® and the balance of the Company's portfolio contributed to reduce the Company's operating loss and fund part of the costs associated with the planned launch of Enerzair® Breezhaler® and Atectura® Breezhaler®.

Although the Company anticipates it will generate 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 the future. 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:

Milestone	Fiscal year 2021	Fiscal year 2022
Net Revenues growth	>100% over prior year	100% over prior year
Redesca® PUBLIC reimbursement	100% by year-end	No change
Redesca® PRIVATE insurance coverage	50% by year-end	100% by end of first half of 2022
Enerzair® Breezhaler® and Atectura® Breezhaler® PRIVATE insurance coverage	50% by year-end	100% by end of first half of 2022
Enerzair® Breezhaler® and Atectura® Breezhaler® public reimbursement	50% by year-end	100% by end of first half of 2022
Uplisting of Valeo's shares to the Toronto Stock Exchange	Fourth quarter of 2021	N/A
EBITDA positive	-	Second half of 2022

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, 10,000,000 Units at the Offering Price for aggregate gross proceeds of $10,000,000, 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, 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 seriouslyadversely 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 courtor 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 restrictthe 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 ofthe Shares, (iv) the Company is in breach of any material term, condition or covenant of the Underwriting Agreementor any material representation or warranty given by the Company in the Underwriting Agreement is not true and 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 amaterial 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 several and not joint and several. 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 Compensation 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 Compensation Warrants in connection with the Units sold to purchasers on the President's List, equal to 3.5% of the totalnumber of Units sold to purchasers under the President's List. Each Compensation Warrant is exercisable to purchase one Compensation Unit at an exercise price of $1.00 per Compensation Unit at any time prior to 5:00 p.m. (Toronto time)until the date which is 24 months after the date of Closing. Each Compensation Unit consists of one Share and one Warrant. This Prospectus also qualifies the distribution of the Compensation Warrants (and the underlying securities thereof), as well as the grant and issuance of additional Compensation Warrants (and the underlying securities thereof) issued as 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 1,500,000 Additional Units solely to cover over-allotments, if any, and for market stabilization purposes (for greater clarity, a maximum of 15% in the aggregate of the number of Units sold at Closing may be issued in Additional Securities pursuant to the Over-Allotment Option). The Over-Allotment Option may be exercised by the Underwriters in respect of (i) Additional Units at the Offering Price; (ii) Additional Shares at a price of $0.8596 per Additional Share; (iii) Additional Warrants at a price of $0.1404 per Additional Warrant; or (iv) any combination of Additional Securities, so long as the aggregate number of Additional Shares and Additional Warrants which may be issued under the Over-Allotment Option does not exceed 1,500,000 Additional Shares and 1,500,000 Additional Warrants. If the Over-Allotment Option is exercised in full, 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 $11,500,000, $805,000 and $10,695,000. This Prospectus qualifies the distribution of the Over-Allotment Option and the Additional Securities 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.

The Underwriters propose to offer the Units initially at the Offering Price. After the Underwriters have made a reasonable effort to sell all of the Units at the Offering Price, the price at which the Units are distributed pursuant to the Prospectus may be decreased and may be further changed from time to time to an amount not greater than the Offering Price. However, in no event will the Company receive less than the net proceeds of $0.93 per Unit. The effective compensation realized by the Underwriters will be decreased by the amount that the aggregate price paid by purchasers for the Units distributed pursuant to the Prospectus is less than the Offering Price.

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 anytime 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 inventorysystem 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 120 days after the Closing Date, that it will not, offer, nor announce the offering of, nor make any agreement to issue any equity or debt securities or securities convertible or exercisable into equity or debt securities of the Company, without the prior written consent of the Underwriters, such consent not to be unreasonably withheld or delayed, except in conjunction with (a) the grant or exercise of share purchase options and other similar issuances pursuant to the Company's share compensation arrangements; (b) acquisitions; (c) the exercise of any outstanding warrants, options, rights or other convertible securities; and (d) to satisfy existing contractual obligations (including the Company's shareholder rights plan). In addition to the foregoing, the Company also agrees that until the date that is 120 days after the Closing Date, the Company will not (a) change or reduce the exercise price of any of its outstanding warrants to purchase Class A Shares, including without limitation the April Warrants to purchase Class A Shares issued by the Company on or about April 26, 2021 having an exercise price of $1.60 per Class A Share, from the original exercise price of such warrants as at the date of issuance of such warrants, or take any actions, steps or proceedings that would have the effect of changing or reducing the exercise price of such warrants from the original exercise price of such warrants as at the date of issuance of such warrants, or otherwise allow for or permit the exercise of any such warrants at a changed or reduced exercise price from the original exercise price of such warrants as at the date of issuance of such warrants, (b) apply to the CSE and/or any Securities Commission for approval, acceptance or authorization of any change or reduction in the exercise price of such warrants from the original exercise price of such warrants as at the date of issuance of such warrants, or (c) publicly announce any intention to do any of the foregoing. In the event that, following the 120th day after the Closing Date, the Company seeks to change or reduce the exercise price of such warrants, the Company will not change or reduce the exercise price of such warrants to an exercise price that is less than $1.25 per Class A Share.

It is a condition of Closing in favour of the Underwriters that each of the directors, senior officers, insiders of the Company, and existing shareholder with over 5% pro-forma ownership, on the Closing Date, have entered into an agreement with and an in form and substance satisfactory to the Underwriters to which they will agree not to, for a period commencing on the Closing Date and ending on the date that is 120 days following the Closing Date, directly or indirectly offer, sell, contract to sell, lend, swap, or enter into any other agreement to transfer the economic consequences of, or otherwise dispose of or deal with, or publicly announce any intention to offer, sell, contract to sell, grant or sell any option to purchase, hypothecate, pledge, transfer, assign, purchase any option or contract to sell, lend, swap, or enter into any agreement to transfer the economic consequences of, or otherwise dispose of or deal with, whether through the facilities of a stock exchange, by private placement or otherwise, any Shares or other securities of the Company held by them, directly or indirectly, without prior consent of the Lead Underwriter, which consent will not be unreasonably withheld or delayed, provided that the Underwriters' consent shall not be required in connection with (a) the exercise of previously issued options or other convertible securities, (b) transfers among a shareholder's affiliates for tax or other planning services, or, (c) a tender or sale by a shareholder of securities of the Company in or pursuant to a take-over bid or similar transaction involving a change of control of the Company.

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 Warrant.

Shares

The Company's authorized share capital consists of an unlimited number of Shares without par value, of which 66,314,019 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 unfixed 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 $1.25 per Warrant Share for a period of 36 months from the Closing.

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 or exercisable for or convertible into Shares to all or substantiallyall of the holders of Shares by way of a stock dividend or other distribution (other than a distributionof 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 or exercisable for or convertible into Shares, at a price per Share to the holder (or at an exchange, exercise or conversion price per share) of less than 95% of the "current market price", as defined in the Warrant Indenture, of Shares on suchrecord 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 exercisable for, 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 ofWarrants, 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 66⅔% 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 66⅔% 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.

Compensation Warrants

Each Compensation Warrant will entitle the holder thereof to purchase one Compensation Unit at an exercise priceof $1.00 per Compensation Unit at any time prior to 5:00 p.m. (Toronto time) until the date which is 24 months after the date of Closing. Each Compensation Unit consists of one Share and one Warrant. The Compensation Warrants are not transferable.

PRIOR SALES

The following table sets forth the details regarding all issuances of Shares and securities that are convertible, exchangeable or exercisable 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 ($)
June 30, 2020	Options	1,550,000	N/A	N/A	$0.60
June 30, 2020	Warrants	1,500,000	N/A	N/A	$0.60
July 10, 2020	Warrants*	2,550,000	N/A	N/A	$0.60
July 28, 2020	Options	200,000	N/A	N/A	$1.50
September 2, 2020	Warrants**	2,875,000	N/A	N/A	$1.50
September 2, 2020	Warrants**	556,010	N/A	N/A	$1.20
September 29, 2020	Options	25,000	N/A	N/A	$1.32
November 11, 2020	Options	250,000	N/A	N/A	$1.10
November 11, 2020	Options	10,000	N/A	N/A	$0.86
December 8, 2020	Shares	15,991	$1.06	$16,950.46	N/A
January 18, 2021	Options	1,950,000	N/A	N/A	$1.43
January 27, 2021	Options	25,000	N/A	N/A	$1.37
March 1, 2020	Shares	14,740	$1.15	$16,951	N/A
April 26, 2021	Warrants*	1,336,700	N/A	N/A	$1.60
May 25, 2021	Options	205,000	N/A	N/A	$1.12
May 25, 2021	Warrants	500,000	N/A	N/A	$1.40
May 27, 2021	Shares	14,869	$1.14	$6,950.66	N/A

* issued as part of Debenture Units
** issued as part of Share 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
2020			
June 2020	$0.60	$0.41	1,054,620
July 2020	$1.86	$0.53	5,505,984
August 2020	$1.59	$1.11	3,061,387
September 2020	$1.42	$0.97	4,366,720
October 2020	$1.21	$0.75	2,058,379
November 2020	$1.30	$0.77	2,318,328
December 2020	$1.40	$1.03	3,986,079
2021			
January 2021	$1.53	$1.09	6,436,373
February 2021	$1.31	$0.97	4,304,149
March 2021	$1.38	$0.90	3,068,758
April 2021	$1.30	$1.03	1,983,407
May 2021	$1.22	$1.08	883,001
June 1- 11, 2021	$1.16	$0.96	993,137

On June 11, 2021, the closing price of the Shares on the CSE was $0.99.

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 (as beneficial owner) who, at all relevant times and for purposes of the Tax Act, (i) acquires and holds the Shares, the Warrants and the Warrant Shares as capital property, (ii) deals at arm's length with the Company, the Underwriters and any subsequent purchaser of such securities, and (iii) is not affiliated with the Company, the Underwriters or any subsequent purchaser of such securities (a "**Holder**"). Generally, the Shares, the Warrantsand 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 adventureor 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; (f) that is exempt from tax under Part I of the Tax Act; (g) that is a partnership; or (h) that receives dividends onShares 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.

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 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 $0.8596 of the issue price of each Unit for the issue of each Share and $0.1404 of the issue price of each Unit for the issue of each 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 under the Tax Act 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 dividendpayor'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 and the beneficial owner of the dividend 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 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 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, licensing 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 licensing 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 exercisable, exchangeable for, or convertible, 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 securitiesthat are convertible or exchangeable into Shares, investors will suffer dilution to their voting power and economic interest in the Company. In addition, the Company issued 1,336,700 April Warrants on April 27, 2021 pursuant to the Bridge Offering. The terms of the April Warrants provide that if the Company completes an equity financing (including the Offering) within 24 months from the date of issuance at a price of less than $1.60 per Share, the exercise price of the April Warrants, to the extent the April Warrants have not been previously exercised, will be reduced to such equity issuance price. Accordingly, if the exercise price of the April Warrants is reduced in accordance with their terms and in accordance with applicable regulatory requirements (such re-pricing not to occur prior to 120 days from the date of Closing), such repricing may result in the exercise of a greater number of April Warrants thereby resulting in greater dilution to shareholders.

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 negative operating cash flows for the financial years ended October 31, 2020, 2019, 2018 and 2017. For the first three months of its fiscal year 2021, the Company had negative cash flow from operations of approximately $1,300,000 before net change in non-cash working capital items of $1,400,000, and a positive working capital of approximately $350,000 as at January 31, 2021. The Company's monthly cash flows including non-recurrent expenditures are anticipated to vary significantly over the coming year as the Company implements its new sales organization to ensure: (a) a successful launch of each of Redesca®, Enerzair® Breezhaler® and Atectura® Breezhaler®; and (b) advantage is taken of market opportunities for its expanding product portfolio. Due to the nature of the sales channels specific to each of its products, Valeo anticipates significant variability in the size and frequency of its sales orders until sales patterns become more predictable and recurrent. Consequently, the Company anticipates its monthly cash flows to range from approximately $750,000 positive cash flows to $500,000 negative cash flows per month. This will be the case until the Company can generate sufficient recurrent and predictable operating margins from the sales of its products to cover operating expenses. 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 its 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 Redesca® which has started in April 2021, as well as future sales of Enerzair® Breezhaler® and Atectura® Breezhaler®, which are expected to start in June 2021, will provide incremental contribution to the Company's gross margins, and should help the Company achieve positive operating results by mid-year 2022. The Company believes that it currently has access to sufficient financial resources, including a $2,500,000 line of credit, support from insiders, expected proceeds from the exercise of outstanding warrants, as well as access to non-dilutive capital, to fund its operations until it reaches profitability. 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. If the Company experiences future negative cash flow, the Company may also be required to raise additional funds through the issuance of equity or debt securities. There can be no assurance that any such financing will be available to the Company on acceptable terms or at all. To the extent that the Company has negative cash flow in any future period, a certain amount 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)*.

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

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 adviser.

CERTIFICATE OF THE COMPANY

Dated: June 14, 2021

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	*(s)* Luc Mainville
Chief Executive Officer	Chief Financial Officer

On behalf of the Board of Directors

(s) Richard Mackay	*(s)* Michel Trudeau
Director	Director

CERTIFICATE OF THE UNDERWRITERS

Dated: June 14, 2021

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.

RESEARCH CAPITAL CORP.

(s) David Keating
Managing Director

PARADIGM CAPITAL INC.

(s) Jason Matheson
Managing Director

DESJARDINS SECURITIES INC.

(s) Pascal Drolet
Managing Director